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Daily Report

Annex

East Asia

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Japan

Hashimoto Rules Out Spending Cut for Gulf Aid

OW2801153591 Tokyo JIJI in English 1444 GMT 28 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 28 (JIJI PRESS)—Finance Minister Ryutaro Hashimoto said Monday it would not be feasible to reduce or streamline government spending to raise funds for Japan's additional aid to the U.S.-led multinational forces in the Persian Gulf.

Hashimoto was replying to Komeito (Clean Government Party) Chairman Koshiro Ishida, who argued that spending under the new five-year defense buildup program starting from April could be trimmed by some 500 billion yen to cover part of the 9 billion dollars pledged as additional Gulf aid.

The government and the ruling Liberal Democratic Party (LDP) Thursday decided to make the extra contribution on top of Tokyo's earlier commitments of 2 billion dollars for the allied forces and an equal amount for front-line nations economically affected by the Gulf war. The government should not readily resort to tax hikes to fund the additional financial assistance, Ishida contended at a plenary session of the House of Representatives.

Ishida was interpellating on policy address given by Prime Minister Toshiki Kaifu and three cabinet ministers Friday.

Hashimoto said that the government, in the course of drafting budgets, did its utmost to cut spending as much as possible. Expenditures fixed after such efforts are indispensable, leaving no room for further reductions to raise funds for the Gulf aid, Hashimoto maintained. The finance minister stressed that the additional Gulf assistance is a duty for Japan that must be assumed by all the Japanese people.

Ishida took the lower house rostrum following Japan Socialist Party (JSP) Chairwoman Takako Doi and LDP Policy Research Council Chairman Mutsuki Kato. Doi criticized the government's Gulf aid as tantamount to Japan's direct cooperation in the allied military operations. Kato argued that the additional Gulf aid should be borne equally by all Japanese.

Meanwhile, the LDP Monday decided to seek tax increases as the main source of the fresh Gulf aid. The ruling party also confirmed a policy that a bill for the tax hikes should be integrated with another bill authorizing the issuance of short-term government bonds to raise funds for the aid within the current fiscal year to March 31. The government plans to submit to the Diet (parliament) the integrated bill along with this fiscal year's second supplementary budget.

In this connection, a ranking Finance Ministry official said Monday evening that the ministry will outline a tax hike bill within several days. A full bill cannot be worked out by Friday when the lower house budget committee is scheduled to start deliberations, but at least an outline should desirably be fixed by then, the official said. The official reaffirmed the ministry's policy of seeking tax hikes together with a Diet authorization of short-term government bond issuance within this fiscal year.

JCP Official Questions Diet on Role in Gulf

OW1901135191 Tokyo JPS in English 0858 GMT 19 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo Jan 19 JPS—In an emergency questioning on the outbreak of Gulf war in the House of Representatives plenary meeting on January 18, Japanese Communist Party [JCP] Presidium Chairman Tetsuzo Fuwa made clear the responsibility of the U.S. for rushing into war, closing the path to a peaceful settlement. JCP Central Committee Vice Chairman Hiroshi Tachiki also questioned in the House of Councilors plenary session.

The text of Fuwa's questioning on behalf of the party follows:

JCP Demands Iraq To Abandon Aggression Policy

It is clear that the Gulf crisis since last year has stemmed from Iraq's invasion of Kuwait. The JCP, together with all people of the world for peace and national independence, strongly demands that Iraq abandon its policy of aggression and withdraw from Kuwait.

Acute Anxiety Heard in Japan and World

The efforts to settle the Iraq question peacefully has been cut by the use of force by the "multinational force" based on the U.S., which has started a war in the Gulf. This is really serious. Voice of acute anxiety is heard in Japan and the rest of the world. Contrary to this voice, P.M. [Prime Minister] Kaifu has lost no time to express all-out support for the use of force by the U.S. and others. The JCP must first ask the prime minister if he is not anxious about the outbreak of the Gulf war.

We must point out as the immediate cause of this tragic development the serious responsibility of the U.S. Government for rushing into war according to a scenario of its own making, and the obstinate refusal of the Husayn administration, deaf to UN secretary general's reasonable persuasion.

U.S. In Haste For War Ousts French Proposal

Before the deadline fixed on January 15, efforts had been made to avoid war. Among these efforts, the French Government's proposal to the U.N. Security Council was significant for having a possibility and perspective for a settlement. The proposal called for the Iraqi withdrawal in peace from Kuwait and then to cope with settling the Palestinian question. The proposal was reasonable in the light of the U.N. resolution last December. It was supported by many UNSC members including the Soviet Union, and it was welcomed by the Iraqi ambassador to the U.N. But the U.S. refused and ousted the proposal as being in common with the Iraqi position. This is a plain expression that the U.S. has made haste to start a war according to a scenario of its war plan named Operation Desert Storm.

As the U.S. in such a manner has compelled a war to start, it cannot escape the responsibility for commencing war, even if it gets military success in the war. Moreover, the outbreak of war with the Palestinian question left totally unsettled has imposed a serious problem and contradiction on international politics. No one can deny this fact.

When the French proposals were being discussed, the JCP wired the 15 members of UNSC, asking them for effort to a fruitful result. The prime minister must explain precisely what response the LDP government made on the important proposal and in what light it sees the U.S. Government's refusal.

What the Japanese LDP Gov't Did Was To Push the War to Outbreak

Now I want to ask you one more question. What was the Japanese Government doing when this was discussed in the U.N.? Until now Mr. prime minister has repeated the words—"efforts for peaceful settlement." But, wasn't it true that all that the government actually did were only to study the methods by which to support war actions of the U.S., in other words, the means by which for Japan to cooperate in war once it breaks out? It was January 14, the day when the French proposal was submitted to the U.N. Security Council in New York, when the Japanese Foreign Minister Nakayama, in talks with U.S. President Bush in Washington, pledged all out support for the U.S. when it dares to use force, and additional financial aid to the "multinational force." This is very serious. By no means can this be regarded as an attitude of those who make efforts for "peaceful settlement," but be regarded as the attitude of those who want opening of war and pushing the process to outbreak of war.

The Use of Force Bringing the World Situation To a Dangerous Phase

One more thing that I want to point out is the influence the U.S. use of arms could affect the world situation.

Developments of war do not allow a simple forecast. But if the war protracts, it is sure that many human lives will be lost day by day, and the world economy and politics will be seriously damaged. If the U.S. is able to seize control over the opponent by blitz operations, it is clear that it would be linked to a dangerous plan contradictory with world peace, that is, build-up of a new military system in the Middle East, once the U.S. has stepped in the course of settlement by arms. Factually, the U.S. Government has expressed on various occasions its concept of permanent stationing of the U.S. Forces in the Mideast, with a view to making them a pillar of the "new order" in the region after the war is over. This would lead to the world facing a new "cold war" system, with the U.S. as "world gendarme," which is far from the called "post cold war". Whatever the developments may be, the thing that the U.S. has resorted to arms has brought the world to a new dangerous phase. Mr. Prime Minister, what do you think about this situation?

If you seriously think about the Japanese and world people's aspiration for peace, every independent effort should be made (by the Japanese Government) to end the dangerous war, which has been opened by the use of force by the U.S. and other countries, and turn the situation to peaceful settlement, while clearly breaking with the attitude of regarding it the imperative national policy to unconditionally support the U.S. action. Do you think that the Japanese Government should stubbornly continue the attitude of subordination to the U.S., and betting all on military "victory" of the "multinational force"? Here I want to ask once more thing about the fundamental attitude of Mr. prime minister.

Sharing of War Cost Expenditure of the "Multinational Force"—The Violation of the Constitution

However, all the policies on the Gulf war the Prime Minister has explained, regrettably implicate full support for the U.S. forces' operations.

The first one is to share largely war expenditures of the "multinational force." But the "multinational force" is, on the present phase, the forces actually using force in the Gulf. To share their war expenditures means nothing but financial participation in the use of force. This constitutes the outrageous violation of the peace principle of the Constitution of Japan that bans the use of force as means of settling international disputes, doesn't it? In addition, the government is going to abandon the pledge the government made in the extraordinary Diet session last year, that is, "(financial aid) should not be spent for the purchase of arms and ammunition." Such an excuse isn't permissible because not Japan but the U.S. is the subject of the use of force. I request the prime minister's clear view, including view on the question relating to the Constitution.

Dispatch of the SDF Aircraft—A Grave Step Toward the Overseas Dispatch of Forces

The second important issue is that the government is going to include in the tasks to be examined the aircraft of the Self-Defense Forces to the war fields in the Mideast on the ground of the "transportation of refugees." Whatever excuse you put, if a part of the SDF is sent to the field of the hot war, it will clearly become a grave step toward the overseas dispatch of the SDF. Has the government forgot that in the Diet session last year, the bill for the "U.N. Peace Cooperation Law," the content of which was the overseas dispatch of the SDF, was scrapped by the overwhelming opposition of the people? Though the Gulf war started and the world is facing a critical situation, it cannot be condoned at all to make a breach for the overseas dispatch of the SDF in this turmoil. On what moral and legislative ground, is the prime minister going to take a step for this outrage?

To Respond to Voices in Japan and the World for Peace

Voices protesting at the outbreak of the Gulf war and demanding an end of the war are widely spreading among a broad range of people in Japan and the world who are angry at the invasion of Iraq and demand that a just solution be made as immediately as possible.

Along with the many people demanding the restoration of peace in the Gulf area and the world, the Japanese Communist Party, denouncing Iraq's policy of aggression, criticizes the U.S. war operation ignoring the wish for peace, and strongly demands that the LDP government cancel the plan for war cooperation which constitutes the violation of the Constitution. I conclude my interpellations with our determination to make maximum effort inside and outside the Diet to realize these demands.

Paper Questions Kaifu's Gulf Policy

OW2701114691 Tokyo ASAHI EVENING NEWS in English 26 Jan 91 p 6—FOR OFFICIAL USE ONLY

[ASAHI SHIMBUN 26 January editorial: "The Politics of Mistrust"]

[Text] The Diet session has begun addressing the thorny issues of donating $9 billion (about Y1.2 trillion) to the Gulf war effort and dispatching Self-Defense Forces (SDF) transport aircraft overseas, issues that may lead to big changes in the direction taken by postwar Japan.

But Prime Minister Toshiki Kaifu's policy speech lacked color, force and persuasiveness. The prime minister stressed that he will make efforts to establish a "politics of trust," but our impression on hearing the speech was beyond disappointment and anger and we felt sadness at the state of Japanese politics.

There is no disagreement from the public with his criticism of the violence of Iraq's Saddam Husayn, instigator of the Gulf war. But concerning Japan's involvement, there remains the question of whether Japan should lend a hand in the escalation of war. We learned a grave lesson from the history of World War II and its aftermath. That lesson is not something that can be dismissed as an emotional argument for peace.

The first duty of a Japanese leader is to seek out a policy based on such public feeling while avoiding isolation on the international scene. But how deeply has the prime minister delved into this aspect? We do not feel the prime minister's distress and resolve simply by hearing him say that the $9 billion in additional aid "is most necessary from the standpoint of international justice of never permitting an invasion."

The prime minister said: "Our nation, which has come to take a grave position in the international society, would proceed on the path of international isolation if we neglected to make efforts as far as we are able to exert ourselves." His words are true, but isn't the prime minister's idea of "international society" leaning too heavily toward the United States? There are not many in Asia and Europe who worry about Japan's isolation. If the prime minister looks only toward the United States and forgets to talk from the bottom of his heart to his own people, he may be isolated within his own country first.

The United States is an ally of our country through the Japan-U.S. Security Treaty and is an important market—the destination of 30 percent of Japan's exports. It is understandable that there is U.S. criticism of Japan and that the Liberal-Democratic Party (LDP) is afraid of a worsening of Japan-U.S. relations. But complying with every successive demand of the United States cannot be the only means of guaranteeing good Japan-U.S. relations. Economic interdependence runs deep and cooperation between the two nations would be needed in building a new order after the war.

On the issue of dispatching SDF transport planes to ferry refugees, the prime minister said: "In addition, we decided to transport (them) using SDF aircraft as the necessity arises when circumstances do not allow the use of commercial planes." It is strange that he referred to an issue involving the basic defense policy of our country—that we confine the use of our forces to self-defense—using the term "in addition."

The hardest aspect of this problem to understand is that the government authorized the dispatch of SDF aircraft by reforming a cabinet ordinance relating to the SDF law and neglected to put it before the Diet. Even within the LDP, there are doubts about handling an important policy change extralegally. The prime minister's total failure to touch on this point in his policy speech was in extreme contempt of the Diet.

The measure of dispatching SDF planes to the Gulf originally arose from the three LDP executives' pressuring the prime minister to do so. Perhaps that is why the prime minister has been avoiding press conferences and other opportunities to explain his position to the public, but this is irrational. If the measure conflicted with his beliefs, he ought to have strongly opposed it; but once the prime minister accepts a policy, it is his duty to face the people squarely and explain to them why.

We do not wish for the Diet debate to be thrown into confusion. To that end, it is important that the government and the LDP avoid getting tripped up by the circumstances and respond thoroughly to the public's doubts and anxieties. Furthermore, they should emphasize the fostering of the agreement that was nearly reached in last year's extraordinary Diet to "make human contributions, too, to the cause of peace."

I want to form a definte plan as soon as possible concerning the nature of a new form of international cooperation," said the prime minister. Now of all times we want him to obey his own words.

Tokyo Plans Ad Campaign To Outline Gulf Policy

OW3001012491 Tokyo THE JAPAN TIMES in English 29 Jan 91 p 1—FOR OFFICIAL USE ONLY

[Text] The government will wage a publicity drive to counter growing popular opposition to its move to raise the $90 billion pledged last week in financial support of the multinational force in the Persian Gulf, officials said Monday.

Since the war broke out, the government has been running announcements asking citizens to conserve energy. The government now plans to sponsor more advertisements to explain its overall position on the Gulf crisis, an official at the Management and Coordination Agency said.

So far the government has relied on television appearances by officials to explain its stance on the issue. Foreign Ministry spokesman Taizo Watanabe was asked to appear on two television programs to explain Tokyo's policy. Several other high-ranking figures will follow his lead in outlining the government's position, an official said.

In addition, the government is now considering sponsoring public-service TV announcements or newspaper ads, although details have yet to be decided, the official said. The government issued a front-page newspaper ad Monday in the daily YOMIURI SHIMBUN urging the public to conserve energy because of the Gulf crisis. The advertisement, which a YOMIURI advertising section employee said normally costs Y2.29 million, is the first of many to be placed in all national dailies, the official said.

Meanwhile, the Agency of Natural Resources and Energy, which is affiliated with the Ministry of International Trade and Industry, has boosted its publicity budget in an effort to launch its own energy conservation campaign, an agency official said. The agency usually holds a national energy conservation campaign every February. But this year it reportedly plans to hold meetings and local festivals to encourage even more energy conservation.

Government Studying Revision of SDF Law

OW2801114291 Tokyo THE DAILY YOMIURI in English 27 Jan 91 p 1—FOR OFFICIAL USE ONLY

[Text] The government is reviewing possible legal measures that would enable it to deploy its own aircraft for the evacuation of war refugees and Japanese caught in war zones abroad, government sources said Saturday.

The sources said the measures under study included revisions to the Self Defense Forces [SDF] Law.

In 1987, the government ordered two Boeing 747-400 aircraft, costing a total of Y35.9 billion, for carrying dignitaries such as the Imperial family or the prime minister, to be operated by SDF personnel. The planes are scheduled to arrive in Japan this fall.

The outbreak of the Gulf crisis, however, awakened in the government the belief that provisions must be made allowing it to dispatch its own aircraft for emergency humanitarian assistance. The government has settled for an ordinance making an exception to the SDF Law in the case of the current war to dispatch SDF aircraft to the Middle East to evacuate refugees.

The SDF Law's Article 100, Paragraph 5, allows the government to use SDF helicopters in transporting VIPs, but makes no mention of transporting refugees from armed conflicts.

Desirous of opening the possibility for Japanese emergency assistance in more general cases, therefore, the government decided to study potential revisions to the SDF Law. In particular, the government is seeking to add the evacuation of refugees and Japanese citizens from war zones to the duties assigned its new 747 aircraft.

The sources said the decision was to some extent a response to calls from within the Liberal Democratic Party that the government amend the SDF Law to clarify the role of its new aircraft.

Before making a final decision on what revisions to propose, however, the government plans to solicit reactions from both opposition party members and the public, the sources said.

Officials 'Puzzled' by Gulf Refugee Problem

OW2301135491 Tokyo ASAHI EVENING NEWS in English 22 Jan 91 p 3—FOR OFFICIAL USE ONLY

[Text] While politicians are urgently calling for Japan's "visible" contribution to the international efforts to cope with the Gulf war, officials in charge of compiling specific programs are puzzled what to do because of lack of information on refugees.

Department and agency officials concerned say they have little idea as to what kind of activities are actually needed for the transportation and medical care of refugees. They say international organizations concerned have not made specific requests for Japan's help.

The Transport Ministry, which formally requested Japan Airlines and All Nippon Airways to cooperate, said it is not yet decided who to transport from where.

In the wake of war, the government shifted its efforts to the relief of war displaced people. Its plan calls for the use of civil airliners in areas deemed safe and Self-Defense Forces [SDF] aircraft elsewhere. The Defense Agency is considering the use of SDF planes for refugee transportation from Amman to Cairo.

The government plans to send civil planes to Cairo to fly Asian refugees back to their countries. However, the

Transport Ministry was told that Cairo is now under military direction, and no civil airlines but Egyptair use its airport. The Egyptian capital falls within the shooting range of Iraqi missiles.

Information on refugees is lacking. The Foreign Ministry has received a report from Cairo that there are no refugees to transport. Vietnamese people remaining in Iraq are to be flown back by Soviet aircraft.

A report from Amman said there are 5,000 refugees, but most of them are Egyptians for whom the Egyptian Government has started transport operations by land and sea. This has made another government plan to send Japanese ships to the area "not realistic," Transport Ministry officials say.

"Discussion on the use of SDF aircraft would only make a paper plan if reality is not considered," an official says.

The Health and Welfare Ministry and the Education Ministry also have difficulty forming medical teams to send. Officials say there are doctors who agreed to participate, but they have little information as to who need what kind of treatment where.

Officials and doctors are offended by a proposal by some Liberal-Democratic Party members to send SDF medics instead on the grounds that "civilian doctors do not want to go."

An advance party of doctors went to Saudi Arabia earlier despite prospective danger, they said. "We may be used as a pretext for an SDF dispatch," a doctor says.

Paper Supports Sending SDF Planes to Gulf

OW2601142591 Tokyo THE DAILY YOMIURI in English 25 Jan 91 p 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 24 January editorial: "Japan's Gulf War Aid"]

[Text] The government is now working out specific plans to send Self-Defense Forces [SDF] planes to evacuate refugees from the Gulf war and to provide additional money to help cover the costs of the U.S.-led multinational forces.

This would be the first time to dispatch the SDF overseas. The government also is expected to approve $9 billion-$10 billion for the coalition forces, which is a considerably large sum. However, it must be remembered that under the UN resolutions, the international community is required to unite to drive Iraq out of Kuwait because Iraq's aggression has destroyed the peaceful international order.

Since the International Organization for Migration has appealed to Japan to provide planes and ships to evacuate refugees, we urge the government to comply quickly with this request. The SDF planes would be used in a humanitarian rescue operation, and not as a military force. Therefore, there would be no violation of our Constitution.

At first, Prime Minister Toshiki Kaifu was inclined to use civil aircraft, but the airlines were reluctant to expose their planes and crews to danger. The job is not an appropriate one for private companies.

Reasonable Approach

It is only reasonable to dispatch SDF planes to the Gulf to transfer refugees to safer airports where civilian aircraft can fly them to other destinations.

The Japan Socialist Party and other opposition parties oppose this humanitarian mission as a step tantamount to sending troops abroad. This argument makes little sense.

To implement its plan, the government plans to invoke Article 100 of the Self-Defense Forces Law, which provides for transporting state guests, and revise an enforcement ordinance for the law. It would be more logical, however, to revise the law itself so that the mission of the SDF to rescue refugees would become established.

There is concern among some that this humanitarian mission will pave the way for Japan to take military action abroad in the future. For this reason, the revision must define the SDF's enhanced mission very clearly.

Need For Victory

In examining the process of formulating the government's policy, we get the impression that Kaifu was originally reluctant to dispatch the SDF planes and only changed his mind under pressure from the Liberal Democratic Party.

Kaifu should undertake this task with greater insight and resolve to fulfill Japan's international responsibility. Although the role of the SDF in the Gulf would be limited, at least it would be a tangible contribution which other nations could recognize.

The Gulf war is not a conflict between Iraq and the United States. It is war being waged by a multinational force to carry out the resolutions of the United Nations to end Iraq's unjust occupation of Kuwait.

The JSP argues that the government should not provide money for the purchase of weapons and ammunition. Does this mean Japan should not respond to a UN request to assist the allied forces?

If the multinational forces fail to achieve their objective due in part to Japan's failure to contribute, this would mean the demise of international order and the end of hopes for eventual peace in the region.

Ministry Advises Against Travel to Mauritania

OW2801135891 Tokyo JIJI in English 1325 GMT 28 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 28 (JIJI PRESS)—The Foreign Ministry Monday recommended Japanese nationals refrain from traveling to Mauritania due to movements in the African nation to support Iraq in the Persian Gulf war.

It is desirable to postpone nonessential trips to Mauritania for the time being, the ministry said, citing anti-American and pro-Iraq demonstrations in its capital, Nouakchott, and other places of the Islamic nation.

Editorial Discusses Role in International Peace

OW2801111591 Tokyo JPS in English 0925 GMT 28 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo Jan 28 (JPS)—AKAHATA of January 27 carries an editorial entitled "The Role Japanese People Should Play for International Peace" the gist of which follows:

A wave of criticism and opposition has been aroused against the Kaifu Cabinet trying to force the sending of Self-Defense Force [SDF] aircraft to the Middle East and the appropriation of a large sum of money for the military operation in the Gulf. People from various circles and strata are rising up to take action.

Prime Minister Kaifu had said that it is logical to revise the SDF Law if SDF aircraft are to be sent abroad, but afraid that a bill for this would not get passed in the Diet. His Cabinet decided to carry this out by revision of governmental ordinance which will be done by Cabinet approval only. This is nothing other than a coup d'etat-like maneuver.

This blatant way of doing things has aroused anger among still broader strata of people. The decision to carry out the overseas dispatch of the SDF may cause a drastic turn in the course of Japan's postwar politics, as the government made this vital decision without giving the Diet any chance for deliberations.

In his administrative policy speech, Prime Minister Kaifu gave no answer to the people's criticism. Instead, he used over and over again terms like "contribution to international peace" and "a role in the international community" attempting to justify any form of cooperation in the war however dangerous it may be.

At the vital moment when the French proposal gave a chance for avoiding the war, the Japanese Communist Party sent the 15 members of the U.N. Security Council a telegram calling for efforts to realize a peaceful settlement on the basis of the French proposal. It also called on Prime Minister Kaifu to make efforts in this direction.

Far from trying to make a "contribution to international peace," however, the government and the LDP [Liberal Democratic Party] set out to consider the sending of SDF aircraft to the Middle East and an additional financial contribution even before the war broke out, thus rushing along the path to the war.

The United Nations has never urged Japan to dispatch the SDF overseas or make a financial contribution to the war. It is clear, as LDP Secretary General Ichiro Ozawa put it, that what the government and the LDP call "international community" is equal to the U.S. Government.

In his administrative policy speech Prime Minister Kaifu emphasized that "Japan, as an ally, should have worldwide cooperation with the United States and consolidate their global partnership." These remarks indicate that the government's decision to cooperate in the war is aimed at not only fulfilling the LDP's longstanding ambition to send the SDF overseas but also to undertake to share the worldwide burden imposed on Japan under the Japan-U.S. military alliance which has now come to cover the whole face of the earth.

Foreign Ministry Planning Cambodian Aid Program

OW0501162491 Tokyo THE DAILY YOMIURI in English 4 Jan 91 p 1—FOR OFFICIAL USE ONLY

[Text] The Foreign Ministry plans to send 300 Japanese aid workers, including technicians, and contribute more than $200 million to the United Nations Transition Administration Commission [UNTAC] expected to be set up in Cambodia after a comprehensive cease-fire, it was reported Thursday.

For that purpose the ministry will shortly consult the Finance Ministry and other government bodies concerned to coordinate their efforts, a Foreign Ministry source said. The contribution of personel and money, if realized, will be Japan's first large-scale effort to cooperate with U.N. peacekeeping activities since the end of the cold war.

Noting that a Paris meeting of 19 countries involved in the Cambodia peace process is expected to be held by the end of January, the source suggested that a Cambodian settlement may come sooner than expected.

Wishing to avoid a repetition of the aborted U.N. Peace Cooperation Bill, the Foreign Ministry considers it necessary to start immediate coordination work among the ministries and agencies concerned, the source said.

UNTAC activities will involve the five fields of defense, foreign affairs, finance, security and information. In addition to the UNTAC activities, the United Nations is expected to station peacekeeping forces in Cambodia.

The Foreign Ministry has estimated the personnel and budget needed for UNTAC operations at 10,000 workers and $1 billion a year. Based on these figures, the ministry has decided to propose sending 300 Japanese workers and contribute $200 million.

The government is now working out a bill to establish a new organization for U.N. peacekeeping operations in accordance with an agreement among the Liberal Democratic Party, Komeito and the Democratic Socialist Party.

Tokyo To Propose Cambodian Reconstruction Talks

OW1401050791 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Jan Morning Edition 91 p 2—FOR OFFICIAL USE ONLY

[Text] With the return of peace to Cambodia beginning to move toward a reality, the government has firmed up its policy to propose hosting a ministerial conference of countries concerned to address the question of reconstruction that should follow the return of peace to that country. In connection with the reconstruction question, at the expanded foreign ministers' conference of the ASEAN in 1989, then Foreign Minister Mitsuzuka proposed setting up the International Committee on Reconstruction of Cambodia (ICORC), which later gained the understanding of nations participating in the Paris International Conference. The ministerial conference to be proposed is intended to discuss the priorities in reconstruction projects and the contribution of countries.

Japan, together with Australia, cochairs the Third Committee (dealing with the question of reconstruction after the restoration of peace) of the Paris International Conference. The conference agreed last year on the principle of the nations cooperating in the reconstruction of Cambodia, but there has been no progress in this respect because of the impasse in peace negotiations.

In negotiations between France and Indonesia and the Cambodian Supreme National Council (SNC) in Paris in mid-December, however, the SNC accepted a final peace treaty draft drawn up by the five permanent UN Security Council members, which envisages active UN participation in the peace restoration process. The draft is yet to be finalized by the adjustment committee and the SNC, but it can be said that substantial progress has been made on the peace issue.

In light of this progress, the government has decided that the smooth implementation of reconstruction efforts, followed by the smooth revival of economic activities, is essential to maintaining peace once it is restored. The government thus has decided to propose convening the minsterial talks in Japan to formulate guidelines in initiating efficient assistance to reconstruction efforts. The government will begin contacting the countries concerned.

According to the government's current thinking, it expects to ask, in addition to Australia, a cochairman nation, around 20 nations, including the United States, and such European countries as France, the United Kingdom, and Germany, to send their foreign ministers and ministers on economic cooperation to the talks.

The government wants priorities to be set in economic reconstruction programs, and a decision to be made on the framework of burden sharing. With respect to reconstruction, the government wants the ICORC, to be formed around the UN Development Plan (UNDP), to take active charge.

The date for the ministerial talks has not been set because it needs to be tied to the timing of the restoration of peace. The government wants to hold the talks as soon as peace takes effect, however, and has decided to appropriate 80 million yen for the purpose in the 1991 budget.

Ex-Im Bank Undecided About Food Aid for USSR

OW2601110991 Tokyo JIJI in English 1407 GMT 25 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 25 (JIJI PRESS)—The Export-Import Bank [Ex-Im Bank] of Japan is still undecided about the implementation of emergency food aid worth 100 million dollars to the Soviet Union due to a change in the Soviet political situation, President Mitsuhide Yamaguchi suggested Friday.

The Ex-Im Bank will carefully cope with the aid issue while consulting with the government, taking into account international movements, including the stance of the United States and the European Community (EC) on financial support for the Soviet Union, Yamaguchi said at a press conference.

He thus indicated the governmental bank has not yet determined the details of the food aid loans, including the timing of implementation, interest rates and specific food items covered by the aid.

However Yamaguchi said there would be no change in his bank's lending stance toward Japanese private companies engaged in plant and other exports to the Soviet Union.

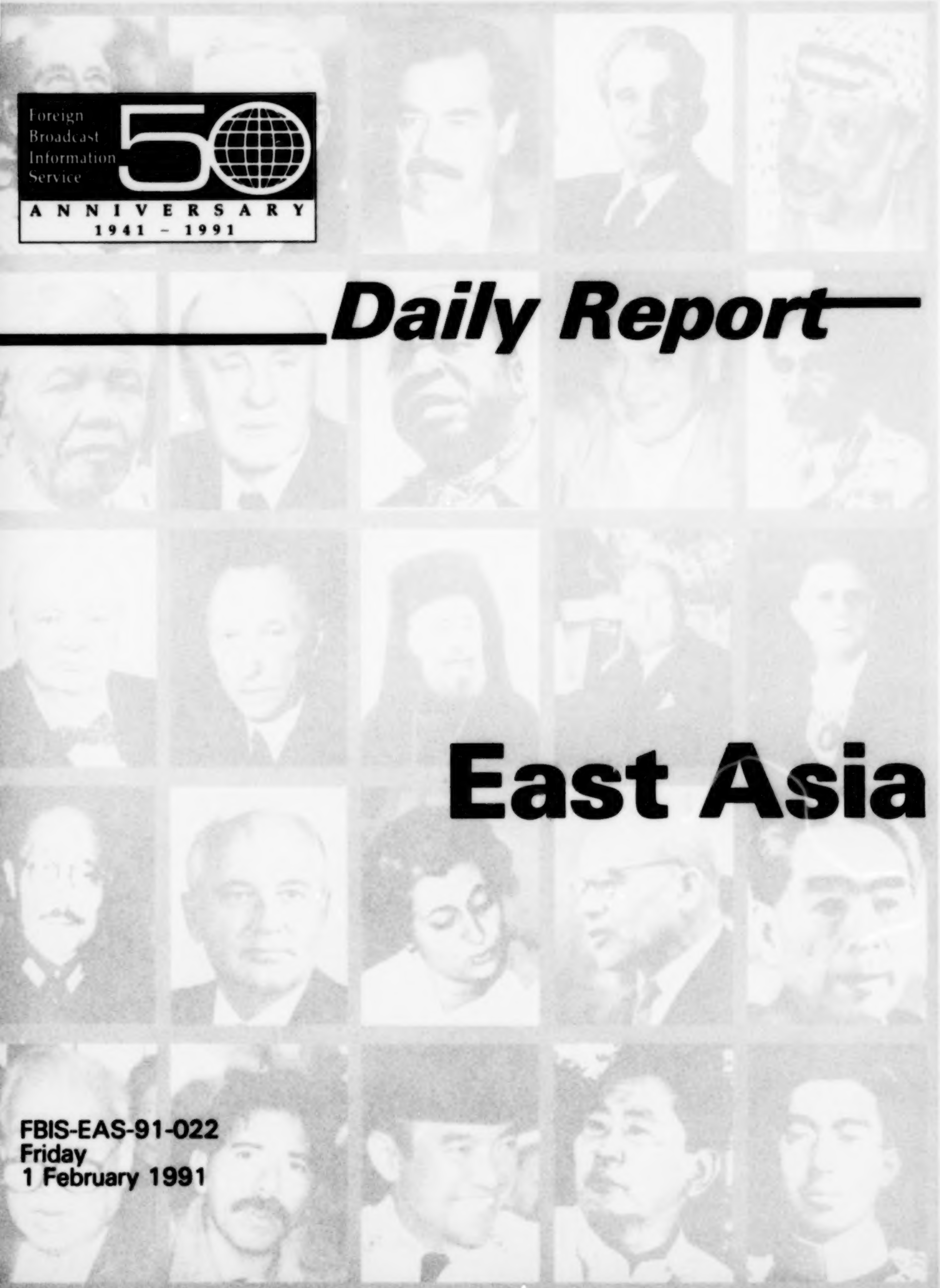
The emergency food aid, decided on by the government last December, was originally scheduled to be given in January or February to help improve winter food shortages in the Soviet Union, which is now faced with economic difficulties.

But international calls have grown for reviewing such support for the Soviet Union since Soviet troops' recent crackdown on independence movements in the Baltic republics of Lithuania and Latvia. The EC has decided to postpone assistance to the Soviet Union.

Causes of Big Stock Market Decline Analyzed

912A0085A Tokyo KINYU ZAISEI JIJYO in Japanese 3 Dec 90 pp 22-25—FOR OFFICIAL USE ONLY

[Article by Hidetaka Kawakita, senior researcher of Nissei Basic Research Institute]



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Alatas, Avice Arrive in Hanoi for Cambodian Talks

BK3101152391 Hong Kong AFP in English 1451 GMT 31 Jan 91

[Text] Hanoi, Jan 31 (AFP)—Indonesian Foreign Minister Ali Alatas and French Foreign Minister-Delegate Edwige Avice arrived here Thursday to discuss the Cambodian problem with Hanoi.

Mr. Alatas and Mrs. Avice want to persuade Hanoi, Phnom Penh's main backer, to pressure its Cambodian ally into fully accepting a U.N.-brokered plan to end Cambodia's 12-year war, diplomatic sources said.

One diplomat said Thursday that the Vietnamese intended "to express frankly" their viewpoint on a solution to the Cambodian conflict and to set out "the limits of their influence" on the Phnom Penh regime.

"The Cambodians are obstinate people," said Vietnamese Foreign Minister Nguyen Co Thach, as he greeted the delegation, apparently indicating the limits to what Hanoi could do.

Phnom Penh has so far refused to dismantle its Army as called for in the United Nations peace plan, and wants guarantees there will be no return to power by the Khmer Rouge—which was responsible for the deaths of hundreds of thousands of people in its nearly four-year rule, until Vietnam ousted it in early 1979.

The Beijing-backed Khmer Rouge dominates the tripartite armed resistance, which also groups forces loyal to Prince Norodom Sihanouk and former Premier Son Sann.

The U.N. peace plan calls for the United Nations to administer Cambodia and supervise a ceasefire and the disarming of the factions ahead of the holding of general elections.

France and Indonesia co-chair a Paris International peace conference on Cambodia.

Mr. Alatas and Mrs. Avice were accompanied on their three-day visit to Vietnam by U.N. Deputy Secretary General Ahmad Rafiuddin.

Talks End 'Without Result'

BK0102123591 Hong Kong AFP in English 1220 GMT 1 Feb 91

[Text] Hanoi, Feb 1 (AFP)—Talks here Friday on Cambodia among senior officials from Vietnam, Indonesia, France and the United Nations have ended without result, diplomatic sources said.

Present at the talks were Vietnamese Foreign Minister Nguyen Co Thach, Indonesian Foreign Minister Ali Alatas, U.N. Deputy Secretary General Ahmad Rafiuddin and French Foreign Minister-Delegate Edwige Avice.

The sources said Vietnam stuck to its position that finding a solution to the 12-year-old war in Cambodia was a matter for the Cambodians and that Hanoi would accept any agreement among the warring factions.

Vietnam also insisted that the agreement condemn the genocide committed by the Khmer Rouge during its nearly four years in power until ousted after Hanoi's December 1978 invasion, one diplomat said.

The Marxist group, which forms the military backbone of the tripartite resistance coalition fighting the Hanoi-backed government in Phnom Penh, is held responsible for the deaths of hundreds of thousands of Cambodians during its regime.

Mr. Alatas and Mrs. Avice, who arrived here Thursday, want to persuade Hanoi to pressure its Cambodian ally into fully accepting a U.N.-brokered peace plan, diplomatic sources said.

Japan

'Small Explosion' at Envoy's Residence in Yemen

OW3101131791 Tokyo KYODO in English 1308 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—A small explosion occurred Thursday in the residence of the Japanese Embassy in Yemen, Foreign Ministry officials said Thursday.

Officials said the explosive charge was detonated in the garden of the residence of Japanese Ambassador to Yemen Masaaki Noguchi in Sanaa, the capital of the recently-unified country, located at the southwestern corner of the Arabian peninsula.

Five windows on the first floor of the building were shattered, but no injuries were reported, officials said.

At the time of the explosion, the ambassador and five other diplomats were at the embassy some two kilometers away, they said.

Officials said they were unaware if any group has claimed responsibility for the attack, which is now being investigated by local police.

The incident marks the first time a Japanese diplomatic post has been the target of a terrorist attack since the start of the Persian Gulf crisis last August.

The Japanese Government has committed 2 billion dollars to the multinational forces fighting to evict Iraqi forces from Kuwait and is now discussing the provision of an addition 9 billion dollars.

SDF Allowed To Carry Arms During Gulf Mission

OW3101153691 Tokyo KYODO in English 1516 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—The Self-Defense Force (SDF) personnel will be allowed to carry small firearms such as pistols and rifles in their refugee relief mission in the Middle East, Vice Defense Chief Tomoharu Yoda said Thursday.

It is natural to do so if it is deemed necessary, Yoda, vice minister of the Defense Agency, told reporters. Yoda referred to Prime Minister Toshiki Kaifu's proposal to dispatch five C-130H planes from the Air Self-Defense Force (ASDF) to shuttle refugees from Amman, Jordan, to Cairo, Egypt.

The Defense Agency may permit the paramilitary men to carry weapons in case of security needs in the process of fulfilling the refugee relief operation in the Middle East conflict, said director of the agency's secretariat Akira Hiyoshi said. He based the legal background of his agency's decision on Article 95 of the SDF Law governing weapons and protection of aircraft, and Article 96, concerning maintenance of order in the agency, but the C-130H transports will not be equipped with arms, and the Defense Agency has no intention to fit them, Hiyoshi added.

ASDF Contingent Ready for Gulf Refugee Flights

OW3101143991 Tokyo KYODO in English 1422 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—The Air Self-Defense Force [ASDF] base in Komaki, Aichi Prefecture, announced on Thursday the makeup of the contingent of more than 200 personnel expected to travel with the five planes the Japanese Government has pledged for Persian Gulf refugee relief.

Despite opposition party claims that it is against the Constitution to use military aircraft and personnel, the government decided last Friday to send five C-130H transports to Cairo to ferry refugees out of the troubled region as part of its Gulf war relief effort.

A spokesman for the base liaison office said the contingent would include 200 personnel chosen from the base's first transport aviation corps as well as several dozen other backup staff from Air Self-Defense bases around the country. The spokesman said several dozen men have been called in from other bases to provide the required personnel for use in communications and maintenance as backup support at frontline bases in the Gulf area. He said these personnel have already settled into the base and are being instructed in hygiene and the customs and laws of the region in which they will be based.

The plan calls for one of the five planes to be retained on standby at a frontline base while the remaining four will supply a shuttle service for refugees and evacuees from the Gulf war.

Most of the personnel will supply backup support at the frontline base while a team of 10, including pilots, navigators and medical personnel, will help in refugee transport.

The spokesman said the members of the first transport aviation corps would guard the plane against any terrorist attack.

Government Approves Plan for Gulf Aid Tax Hikes

OW3101135891 Tokyo KYODO in English 1335 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—The government approved a scheme Thursday to raise 9 billion dollars to support the allied effort in the Persian Gulf war by temporarily increasing taxes on corporate incomes, petroleum and cigarettes. The proposal must be approved by both houses of parliament before it can be implemented.

The cabinet of Prime Minister Toshiki Kaifu, in a special session convened Thursday evening, approved

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the plan to double petroleum taxes from 2.04 yen per liter to 4.08 yen, and to increase the 3.126 yen tax on each cigarette by 0.5 yen, or a total of 10 yen for each packet. The program also calls for imposing a 3.2 percent surcharge on corporate income taxes.

The cabinet agreed the government would issue short-term bonds to raise the money, and then recover the expenditure over the next year through the taxes described in a government statement as aimed at "restoring peace" in the Gulf region.

Chief Cabinet Spokesman Misoji Sakamoto announced the plan, saying the 9 billion dollar contribution was in line with Japan's stature in the international community, and necessary for Japan's "future development." He also said the contribution is consistent with the nation's war-renouncing Constitution, as forcing Iraq out of Kuwait is necessary for maintaining world peace. Sakamoto said he would like to see the 9 billion dollars handed over to the Peace Cooperation Fund administered by the Gulf Cooperation Council (GCC) by March.

Japan has asked the council, comprising Saudi Arabia and five other Gulf nations, to oversee the allocation of funds to the multinational forces.

An earlier Japanese offer of 2 billion dollars to the multinational forces was also channeled through the GCC.

The ruling Liberal Democratic Party (LDP) is sure that the bill, expected to be submitted to the Diet by February 20, will pass the House of Representatives, where the party enjoys a secure majority. But the proposed legislation could face difficulties in the House of Councillors, which is dominated by opposition parties.

Political analysts say the LDP is likely to try to gain support from the Buddhist-backed Komeito in order to gain approval in the upper house. Komeito has said it believes Japan must make a contribution to the U.S.-led multinational forces, but it has voiced concern over Kaifu's refusal to declare the funds will not be used to purchase ammunition or military equipment. The party also has suggested the money should be raised by cutting into planned expenditures in areas such as defense.

A government source said that Kaifu will clearly explain how the money will be used in the House of Representatives Budget Committee session next week.

Of the 9 billion dollars, or about 1.19 trillion yen, the surcharge on corporate income taxes is expected to account for 5.9 billion yen, petroleum taxes for 4.6 billion yen, and tobacco tax 1.4 billion yen. The taxes are expected to be introduced from April for corporate income and petroleum, and in June for tobacco products.

Government sources said the tobacco tax was introduced at the last minute at the request of the Ministry of International Trade and Industry, which objected to having industries under its jurisdiction bear the brunt of the new taxes. The tobacco industry is regulated by the Finance Ministry.

Opposition Criticizes Decision

OW3101152891 Tokyo KYODO in English 1456 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—The government's decision Thursday to push a new tax measure aimed at financing Japan's additional contribution to the multinational force battling Iraq has encountered a barrage of criticism from opposition parties, including Komeito party, which commands the casting vote in the House of Councillors.

The government and the ruling Liberal Democratic Party (LDP) decided earlier in the day to temporarily increase taxes on corporate income, petroleum and cigarettes to finance additional 9 billion dollars the Japanese Government has pledged to support the Allied forces in the Persian Gulf.

Komeito, while underlining the need for such an additional contribution, said in a statement the government move was unacceptable.

Chairman Koshiro Ishida, of the second largest opposition party, urged a cut in government expenditure, including defense spending, instead of placing the burden on taxpayers. The party's standing planning committee requested the government to clarify the aim of the proposed new aid to the Allied operation.

The Democratic Socialist Party (DSP), which also supports the nature of the Japanese aid in the Persian Gulf war, showed opposition to the new government move, saying it places a burden only on taxpayers, and argued the government should avoid it by, for example, slashing its expenditures and selling its stock holdings.

Secretary General Tsuruo Yamaguchi of the Japan Socialist Party (JSP) opposed Japanese contributions to the Allied effort in the Gulf war, calling the government move outrageous, and saying it amounts to shouldering war costs under U.S. pressure.

Another opposition party, the Japanese Communist Party, echoed objections to the government tax proposal, and described it as a war tax or war bond issue.

A minority party, the United Social Democratic Party, disputed not only the idea of full reliance on new taxation for financing additional aid for the Gulf war, but the new proposal itself. The new action would lead Japan to full involvement in the war, the party said.

Vietnamese, Thai Gulf Refugees Arrive in Tokyo

OW3101182891 Tokyo KYODO in English 1448 GMT 31 Jan 91

[Text] Narita, Chiba Pref., Jan. 31 KYODO—A group of 466 Vietnamese and Thai refugees from the Persian Gulf

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war arrived at new Tokyo International Airport here from Cairo on Thursday night aboard two Japanese Government-chartered planes, en route to Vietnam and Thailand.

The group, the second to be airlifted by Japan in the past few days, consists of 383 Vietnamese and 83 Thais, including two diplomats. They are scheduled to leave here for Ho Chi Minh City and Bangkok early Friday after taking a rest. They were evacuated from Iraq to Cairo before and after the outbreak of the Gulf war on January 17 through refugee camps in Jordan.

Japan airlifted a first group of 580 Vietnamese refugees from Cairo to Vietnam earlier this week at the request of the Geneva- based International Organization of Migration (IOM).

Gulf Refugees Return Home

OW0102072491 Tokyo KYODO in English 0553 GMT 1 Feb 91

[Text] Bangkok, Feb. 1 KYODO—A group of 388 Vietnamese evacuees from Iraq arrived in Ho Chi Minh City on Friday aboard two Japanese commercial jets which Japan flew at the request of an international relief group.

The Vietnamese workers were airlifted to the Vietnamese city via Tokyo from Cairo after they fled Iraq at about the time of the outbreak of the war between U.S.-led allied forces and Iraq on January 17. They traveled by bus and ferry boat to Egypt through refugee camps in Jordan.

One of the Japanese airplanes also carried 83 Thai evacuees, including two diplomats, who arrived in Bangkok the same day via Ho Chi Minh City.

Japan engaged in the war evacuee transportation work at the request of the Geneva-based International Organization of Migration (IOM) with Japan Airlines (JAL) and All Nippon Airways (ANA) commercial airplanes. It airlifted the first group of 580 Vietnamese evacuees also from Cairo to Ho Chi Minh City earlier this week.

Government To Send Oil-Retrieving Gear to Gulf

OW0102062291 Tokyo KYODO in English 0555 GMT 1 Feb 91

[Text] Tokyo, Feb. 1 KYODO—Japan will send oil-retrieving equipment to Saudi Arabia to help contain a massive oil spill in the Persian Gulf, government officials said Friday.

The government already has asked domestic manufacturers to provide oil protectors and oil skimmers to help prevent coastal pollution and to protect desalination plants in Saudi Arabia, the officials said.

Some 30 kilometers of oil booms, which Japan has pledged to provide, will be airlifted early next week to the Kingdom, the officials said.

Japan also is considering giving technological information on desalination plants and offering cooperation in environmental assessment projects in the Gulf.

Millions of barrels of oil were spilled last week from oil terminals off Kuwait and commanders of the U.S.-led multinational forces in Saudi Arabia said that the Iraqi Army caused the spill.

Oil Firms To Raise Prices To Cover Gulf Costs

OW3101190991 Tokyo KYODO in English 1525 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—The oil industry is likely to raise the price of petroleum products to cover the cost of its increased tax burden to pay for part of Japan's 9 billion dollar fresh contribution to the U.S.-led forces in the Gulf, industry sources said Thursday.

However, electric power firms and the metropolitan gas industry will keep prices at their current levels by drawing from reserves and streamlining management. These firms purchase crude oil, fuel oil, liquefied natural gas (LNG), and liquefied petroleum gas (LPG) to run their thermal power stations.

The oil industry is expected to pass on the total cost of the 460 billion yen tax increase to consumers in the form of higher wholesale prices on imported oil products, which are expected to rise by over 2 yen per liter. "I want consumers to understand that we have no alternative but to raise the price of gasoline, kerosene, and other oil products by 2 yen per liter beginning April 1," said Yasuaki Takeuchi, president of the Petroleum Association of Japan. The stepped-up tax burden will boost costs for the nine electric power firms by 106.5 billion yen.

The electric power industry said that a drop of a dollar per barrel in the price of crude oil translates to a 72 billion yen decline in the total price of the commodity.

A decline in the price of crude by 1.50 dollars per barrel will neutralize all of the increased tax burden, said a Tokyo electric power official.

According to the Ministry of International Trade and Industry's Natural Resource and Energy Agency, the electrical power industry will have to shoulder approximately 110 billion yen of the oil tax burden for fiscal year 1990. The tax burden for the gas industry will total about 9 billion yen, it said.

Tankers Resume Sailing to Saudi Gulf Ports

OW3101184691 Tokyo KYODO in English 1510 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—Japanese-staffed tankers are sailing to Saudi Arabian Gulf oil loading ports for the first time since January 16, the day preceding the outbreak of the Gulf war, under an agreement reached Thursday between shipowners and seamen.

Two Japanese Shipowners' Organizations and the All Japan Seamen's Union agreed that Japanese-staffed ships should resume sailing to Persian Gulf waters including the Saudi Gulf crude and oil products loading ports of Ra's Tannurah and Ju'aymah.

Since January 16, Japanese-staffed ships have stopped sailing to those Gulf waters, but Japanese oil refiners have found they are heavily dependent on Saudi Arabia for the supply of crude oil. As a result, the oil refiners on Tuesday asked the shipowners' organizations through the Petroleum Association of Japan to resume sailing to the banned Gulf water areas.

The All Japan Seamen's Union, however, has maintained a tougher stand than even British and U.S. seamen, and is concerned about the discovery of new floating mines in the Gulf waters, especially remembering the deaths of two Japanese seamen, killed during the Iran-Iraq war. However, the war risk hull insurance premiums on ships on the east coast of Saudi Arabia were lowered from January 30, and the Saudi Government has strongly pressed Japanese oil companies to resume taking delivery of crude oil at Saudi ports quickly. Also, as other countries' tankers are sailing in the Gulf waters, the Japanese shipowners' organizations asked the union to resume sailing in the same area.

The union on Thursday took the factors into account and agreed to the shipowners' request.

The shipowners' organizations are the Shipowners' Labor Relations Agency (major), made up of major Japanese ocean shipping firms, and the Shipowners' Labor Relations Agency (major), smaller agency of the same name, composed of minor ocean shipping firms.

Saudi Arabian Oil Firm Orders 6 Supertankers

OW3101141591 Tokyo KYODO in English 1347 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—Saudi Arabian Oil Co. (Saudi Aramco) has concluded purchase agreements for a total of six supertankers worth 100 billion yen with two major Japanese shipbuilding companies, industry sources said Thursday.

On order are six very large crude carriers (VLCCS), all in the 280,000 deadweight-ton class, deliverable in 1993, the sources said. Three of the six VLCCS have been ordered from Mitsubishi Heavy Industries Ltd. and another three from NKK Corp.

The placement of the orders, coming as they did in the middle of the Gulf war, reportedly came as a surprise to the Japanese shipyards. Since last fall, placements of ship orders with Japanese yards by overseas shipowners have been few and far between.

The sources said the deals may encourage other foreign shipowners to once again place ship orders with Japanese yards. They said the six tankers on order are all single-hulled, like conventional VLCCS. However, the contracts include the shipowner's option to switch to double-hulled or double-sided between-decker-type vessels to minimise the risk of oil spillage.

The six ships are the first of 15 VLCCS which Saudi Aramco plans to order over a three-year period.

In addition to Mitsubishi and NKK, two other major Japanese yards, Ishikawajima-Harima Heavy Industries Co. and Kawasaki Heavy Industries Ltd., and South Korea's Hyundai Heavy Industries also presented bids to build the tankers.

No Pact Reached With Soviets on Sakhalin Project

OW3101191291 Tokyo KYODO in English 1452 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—The Soviet Union came up with some ambitious proposals on new joint projects with Japan in a bilateral economic meeting, but failed to clinch an agreement on the widely-expected Sakhalin crude oil and natural gas development scheme, Japanese officials said Thursday.

On the second day of a three-day meeting to discuss economic cooperation here, the Soviet Union tabled some new project proposals including a two-tier bridge over the Amur River and joint ventures to establish mobile telephone stations in Nakhodka. But Soviet officials did not make the expected proposal to finalize the project to explore huge crude oil and natural gas reserves off the Soviet Union's Sakhalin Island.

Meanwhile, Japan made a renewed call to the Soviets to settle their payment arrears for Japanese imports, which amounted to 377 million dollars at the end of last December. "Payment delay by the Soviets is the biggest matter of concern for us," said Tomiichi Akiyama, who chaired the subcommittee on trade under the Japan-Soviet business cooperation committee. Claiming that the issue was "a temporary phenomenon" caused mainly by a sharp decline in crude oil exports, Soviet officials promised further efforts to solve the problem, Akiyama said.

In another subcommittee meeting, V. Litvinov, governor of Khabarovsk Kray (territory) in the Russian Republic, asked for Japanese cooperation to build a gigantic bridge over the Amur River. The new toll bridge will consist of two tiers—one for automobiles and the other for trains, according to Litvinov's plan. He estimated the project will cost some 500 million rubles.

In a subcommittee meeting to discuss projects in the Far East of the Soviet Union, the Soviet chairman of the subcommittee, V. Kuznetsov, brought up joint projects to establish intelsat systems, international post offices, and mobile telephone stations in Nakhodka, said Susumu Yoshida, managing director of Nissho Iwai Corp.

The representatives of the five Far East krays, which with Khabarovsk make up the Russian Republic's six krays, tabled a list of proposals on over 100 joint ventures on natural resource development, lumber processing, food processing, and tourism, Yoshida said.

The Soviet side failed to make the final step to clinch the joint development of crude oil and natural gas projects off Sakhalin, according to Kinzo Matsuo, a senior adviser to Sakhalin Oil Development Cooperation Co. The company, which serves as the principal Japanese agent for the project, is a joint venture of the Japan National Oil Corporation, Japanese trading houses, and oil refiners. "The Soviets are apparently not yet ready to make the final decision (to go ahead with the project)," he said.

The two countries agreed in 1972 to embark on the development of vast crude oil and natural gas reserves there, but progress in the project has been slow due to the Soviet Union's delay in economic assessment of its profitability. The two parties have simply agreed to continue the talks on the scheme, Matsuo said. They also agreed on a project to export forestry resources in Siberia to Japan, Japanese officials said. The details of the agreement will be spelled out in the communique to be released on Friday at the end of the three-day meeting.

Under the scheme, the Soviet Union will export a total of six million cubic meters of raw lumber and pulp wood over five years, and Japan will in return export plants and equipment for developing and processing forestry resources, the officials said.

Talks With Soviet Businessmen End

OW0102144591 Tokyo KYODO in English 1254 GMT 1 Feb 91

[Text] Tokyo, Feb. 1 (KYODO)—Japanese and Soviet industry leaders concluded a three-day meeting to promote business cooperation Friday without any big agreements or dramatic progress in bilateral contacts.

A joint statement released after the meeting expressed mutual expectation that Soviet leader Mikhail Gorbachev's scheduled visit to Japan in April will provide an opportunity to further develop economic relations between the two nations. The statement also made it clear the two sides agreed on the necessity of an early solution to the problem of the Soviet Union's payment arrears for Japanese imports.

Vladislav L. Malkevich, president of the Soviet Chamber of Commerce and Industry, who headed the Soviet delegation, said in a press conference after the meeting that both sides are making steady, if not spectacular, progress. Malkevich said there will be considerable progress in forestry and Sakhalin crude oil and natural gas development projects by the time of Gorbachev's visit. He also said there will be new proposals in the fields of modernization of petrochemical plants, tourism, shipping, and railways.

Isamu Yamashita, a senior adviser to Mitsui Engineering and Shipbuilding Co., who headed the Japanese side, said in a closing speech that he was encouraged by the Soviet reaffirmation that perestroika is not dead.

The meeting, the 13th regular conference of the joint Japan- Soviet business cooperation committee, was overshadowed by the Japanese side's sense of uncertainty about the Soviet Union's apparent change to an iron-fisted domestic policy.

The Soviet side stressed repeatedly that the Soviet will remain on the reformist path. But they failed to give a clear-cut answer to Japanese concern about governmental control of economic affairs.

Malkevich admitted in the press conference he is not quite sure about the prospect of the issue. "I can't proclaim that the issue will be completely settled on March 17," he said. On that date, a national referendum on relations between the Soviet federal government and the republics and other regional bodies will be held.

The murkiness has made Japanese companies think twice about plunging into large-scale joint projects.

The two sides failed to narrow the difference over the much- expected project to develop vast crude oil and natural gas reserves off Sakhalin Island, but agreed to continue talks on the scheme. However, some progress was reported on several projects, including the development of forestry resources in Siberia and paper and pulp plants in Sakhalin.

Also, the Soviet Union tabled a number of ambitious proposals for joint projects, ranging from a giant two-story bridge over the Amur River, near northeast China, to superconductor research. But Japanese reactions to these projects were lukewarm because of perceptions of poor infrastructure in the Soviet Union.

Both sides were well aware that whether bilateral economic relations will evolve to a stage where such projects have any plausibility, hinges on solution of the longstanding territorial dispute over the four small islands northeast of Hokkaido.

The Japanese Government has disavowed any financial assistance to the Soviet Union until the issue is settled.

Governmental help like loans by the Export-Import Bank of Japan is believed essential for realization of the many big projects proposed by the cash-strapped Soviet Union.

Experts agree that any spectacular improvement in bilateral ties will come only with Soviet initiatives on the territorial issue, most possibly during Gorbachev's visit.

The next meeting will be held some time next year in the Soviet Union.

Korean Draftee Sues Government for Compensation

OW3101141791 Tokyo KYODO in English 1214 GMT 31 Jan 91

[Text] Osaka, Jan. 31 KYODO—A Korean resident drafted by the Japanese military during World War II sued the Japanese Government on Thursday for 10 million yen in compensation for his past service, in addition to confirmation of his legal status to be able to receive the compensation.

The damages suit, filed with the Osaka District Court by Chong Sang-gun, 69, a jobless resident in Higashi-Osaka, was the first of its kind to be instituted by Korean residents in the country. His court action followed a lawsuit filed with the Tokyo District Court in October last year by a group of 22 former Japanese soldiers and paramilitary personnel living in South Korea.

The Japanese Government has barred resident Koreans from war compensation on the basis of the nationality clause contained in the 1965 Japan-South Korea normalization treaty and also of Japanese laws on their legal status. Under the accord, the two countries settled South Korea's claims issue with Japan paying the Seoul Government a total of 500 million dollars. However, Chong said the state cannot drop an individual's claim on his behalf.

In Thursday's complaint, Chong said he had his right arm severed due to heavy wounds sustained in a U.S. Army raid in Wotje, in the Marshall Islands in the Pacific, where he was engaged in tank repair work after being drafted into the Japanese Navy from Cheju Island. His petition for compensation for the trauma, furnished to the Health and Welfare Ministry after the war ended in 1945, was turned down on grounds of nationality and registry provisions stated in a law governing relief of the wounded and dead in the war and their families, he said.

Chong insisted that applicability of the law should be determined according to one's nationality at the time of involvement in the war, not one's present nationality and registry. He said he was deprived of Japanese nationality by the Japanese Government, which mailed him a unilateral notice. He said the government's action violated Article 14 of the Constitution, which guarantees equality of the people.

Semiconductor Firms 'Bracing' for New U.S. Pact

OW2501122991 Tokyo KYODO in English 1202 GMT 25 Jan 91

[By Mitsuru Mabuchi]

[Text] Tokyo, Jan. 25 KYODO—Japanese chip makers have long reconciled themselves to the reality of the trade dispute with the United States over semiconductors. They believe their only sin is being too competitive, while the U.S. accuses Japan of shutting out foreign products.

Apparent from the beginning is that it is not a matter of which side is right. The simple fact is that Washington cannot tolerate its strategically important chip industry being sent into oblivion by the Japanese competition, and that Japan cannot just say no to White House over such a vital issue.

Knowing that all too well, Japanese semiconductor manufacturers are bracing for a new pact, which Washington called for in one-day bilateral trade talks on semiconductors, held in Tokyo on Friday. The current five-year accord is to expire in July. "There is a widespread perception in the Japanese semiconductor industry that the pact is something that we have to accept as the fact of life," said a senior official of a leading Japanese chip maker.

Industry leaders have, however, not changed their formal position, which is the agreement should never have been struck. "Our position is simple and clear. The pact should be discontinued at the expiration of the term," said Takafumi Ichinose, spokesman of Hitachi Ltd.

Most galling to them is Japan's alleged commitment, which the government says does not exist, to slice off 20 percent of the Japanese chip market for foreign suppliers. "Setting this kind of target concerning private companies' purchases is outrageous," Ichinose said. But such a rigid official line rings somewhat hollow in the face of the fact that companies, under strong exhortation from the Ministry of International Trade and Industry (MITI), have been bending over backward to achieve a 20 percent share for foreign products in their own procurements.

The mainstay of their efforts are tieups and joint ventures with U.S. firms to help them make products that fit Japanese users' need. Among the hook-ups are NEC and American Telephone and Telegraph Co., Toshiba and Motorola Inc., Hitachi and Texas Instruments Inc.

All of the three largest memory chip makers—NEC, Toshiba, and Hitachi—have already attained the 20 percent goal or are certain to attain it in the current fiscal year. Many other major users, including Sony Co., Toyota Motor Corp., and Matsushita Electric Industrial Co., are at least close to hitting the target.

As a result, the foreign share of the Japanese semiconductor market has climbed to 17.9 percent in the third quarter of 1990 from 10.3 percent in the same period in 1986, according to MITI statistics.

The world semiconductor trade statistics, which measure the share differently, shows smaller figures, but still says foreign supplies now account for 13.1 percent of the Japanese market, up from 8.6 percent five years ago. These facts have inspired Tokyo officials and industry experts to claim the pact has lost its raison d'etre since it has met the objectives. But the U.S. side has made it clear it is not going to let the Japanese off the hook over the issue.

U.S. Commerce Secretary Robert Mosbacher said last year in Tokyo that Japan has an "obligation" to attain the 20 percent goal. Pundits agree that reaching the 20 percent goal is all but impossible in the short term. "A tall order would be an understatement even if we are given two to three years," said Hisashi Saito, an official at NEC.

The principal reason for the low foreign share is the lack of major U.S. makers that can supply chips for home electronic appliances, which account for about 40 percent of the total domestic demand in Japan. The view was articulately supported last year by a joint survey between Japanese and U.S. chip industry organizations, which said only 6 percent of U.S. semiconductors can be used immediately for Japanese consumer electronic products such as TV sets, VTRs, and CD players. "The current level of imports is near the best we can do," NEC's Saito argued. "Even that would have never been reached without the chip pact," he said.

But Japanese makers are well aware that the figure has already assumed too strong a political momentum to be taken for something other than a dead serious commitment now. They are now ready to hear more words from MITI officials telling them to buy more foreign chips.

Reaction to Interest Rate Hike in Germany

Increase Consistent With G-7 Plan

OW0102050491 Tokyo KYODO in English 0354 GMT 1 Feb 91

[Text] Tokyo, Feb. 1 KYODO—Finance Minister Ryutaro Hashimoto said Friday that key interest rate hikes by Germany are not at variance with the recent communique issued by the Group of Seven (G-7) industrialized countries in New York. Hashimoto also told reporters after a cabinet meeting that the German central bank's move would not have a direct impact on Japan's monetary policy.

The Bundesbank decided Thursday to raise its official discount rate by a half point to 6.5 percent and its Lombard rate by the similar margin to 9.0 percent, effective Friday.

Hashimoto said Japan should maintain its present monetary stance while monitoring how well it is working, indicating there are no immediate plans for changing Japan's monetary policy. He added that the rate hikes by Germany do not deviate from the G-7 statement issued on January 21, which included a call for global efforts to reduce interest rates.

The G-7 nations are the United States, Japan, Germany, Britain, France, Italy, and Canada.

Hashimoto said the G-7 financial ministers and central bank governors discussed the widening gap between Germany's key rate and Lombard rates, and the communique was written on the basis of the discussion.

Rate Hike Not To Affect Policy

OW3101152391 Tokyo KYODO in English 1425 GMT 31 Jan 91

[Text] Tokyo, Jan. 31 KYODO—An official discount rate hike by the German central bank announced Thursday will not affect Japanese monetary policy, a Bank of Japan source said.

"Japan will decide on what to do at its own discretion to stabilize the economy," the source said.

The Deutsche Bundesbank raised the key rate to 6.5 percent from 6.0 percent, effective on Friday.

The source also said the rate hike by the Germans—the first since October 1989—is not contrary to the statement issued at the end of a recent meeting of the Group of Seven industrialized nations. "The statement simply confirms the importance of the economic stability of the G-7 nations and is not intended to stabilize interest rates," the source said.

Interest Rate Hike Understandable

OW0102063291 Tokyo KYODO in English 0542 GMT 1 Feb 91

[Text] Tokyo, Feb. 1 KYODO—Bank of Japan (BOJ) Deputy Governor Hiroshi Yoshimoto expressed understanding Friday for the overnight hike in German interest rates, which analysts say is expected to touch off a round of economy-crippling credit-tightening around the world.

"The measure was taken in consideration of the German domestic situation and should be understood in that light," Yoshimoto said in a speech at a Tokyo hotel.

Despite calls both at home and overseas for a cut in interest rates to contain recession, the Bundesbank, the German central bank, raised its two key interest rates by 0.5 percentage point each. The move, aimed at heading off inflation, took the discount rate to 6.5 percent and the Lombard rate to 9 percent.

Shrugging off prevailing concern over Japan's economic health amid higher interest rates and uncertainty over the Gulf war, Yoshimoto expressed confidence in the Japanese economy, ruling out the possibility of a major downturn in the economic growth. He expressed concern, however, about burgeoning inflationary pressure, evident in the recent release of data showing a 4.2 percent jump in consumer prices in the Tokyo area in January. "Prices, though stable at present, need close monitoring," he said, indicating a continued tight monetary stance by the central bank.

Political Talks With India To Begin 4 Feb

OW0102101491 Tokyo KYODO in English 0849 GMT 1 Feb 91

[Text] Tokyo, Feb. 1 (KYODO)—Japan and India will hold two days of regular political consultations from Monday in New Delhi on bilateral and international issues, including the Persian Gulf war, Foreign Ministry officials said Friday.

The Japanese delegation will be headed by Deputy Foreign Minister Hisashi Owada, officials said. Owada's Indian counterpart will be Foreign Secretary Muchkund Dubey.

The two sides are expected to discuss the prospects for an early end to the war between Iraq and U.S.-led multinational forces. Both countries call for Iraq's withdrawal from Kuwait in accordance with U.N. Security Council resolutions, but neither has committed forces for the multinational military operation. Japan, however, has contributed 2 billion U.S. dollars in support for the allied forces and pledged 9 billion dollars more.

On the issue of a ceasefire, both India and Japan say it should be conditional on a firm Iraqi commitment to withdraw from Kuwait. India further calls for U.N. supervision of the pullout.

Officials said each side will present in New Delhi its view of the ramifications of the proclaimed end of the cold war between East and West. The two sides will also discuss the situation in Asia as a whole, including security concerns, proliferation of nuclear and conventional arms, the drug problem, and the conflicts in Cambodia and Afghanistan, they said.

The two countries' mutual desire to acquire a permanent seat on the U.N. Security Council may also be tabled, officials said.

Talks on bilateral issues will likely focus on economic cooperation. Japan is India's largest bilateral aid benefactor, having pledged some 108 billion yen in fiscal 1990 ending in March.

Last week Japan supported an International Monetary Fund (IMF) decision to extend India some 1.3 billion dollars in low-interest loans to help offset its losses related to the Gulf crisis.

India, which depends on Iraq and Kuwait for 40 percent of its oil needs, has been hit by a suspension of leftover debts that Iraq has agreed to pay in oil, and by a cessation of economic projects.

India has also been suffering from a loss of remittances from the 172,000 workers it had in Iraq and Kuwait before the crisis began, as well as the cost of rehabilitating returnees. Some 6,000-7,000 Indian workers are believed to remain in the two countries.

JSP Meet Ends With Gulf Resolution, Name Change

OW0102052991 Tokyo KYODO in English 0502 GMT 1 Feb 91

[Text] Tokyo, Feb. 1 KYODO—The Japan Socialist Party (JSP) ended a three-day party convention by adopting a resolution demanding the government withdraw its promise of 9 billion dollars in aid to the U.S.-led multinational forces fighting Iraq in the Persian Gulf.

The resolution also called for the government to cancel plans to send Air Self-Defense Force transport planes to the Middle East to rescue refugees from the Gulf war.

About 630 representatives attending the convention changed the party name from the JSP to the Social Democratic Party of Japan (SDPJ) [SDP].

Addressing the Gulf war, the resolution said the government plans for assistance to the Gulf forces would lead to Japan's participation in the war. Japan now stands at a crossroads that could lead to giving up the war-denouncing Constitution, the resolution said. The SDP, as Japan's largest opposition party, will make every effort to defend the antiwar Constitution from political forces trying to change it into a mere name, the resolution said.

The party will submit to the current ordinary Diet session a bill calling for an immediate ceasefire between the coalition and Iraqi forces, the resolution said.

In the three-day convention, representatives discussed ways of achieving a Gulf ceasefire by cooperating with the Soviet Union, China, the Nordic countries, and other nations not involved in the war.

The resolution said the SDP is determined to play a positive role in achieving peace, democracy, an end to nuclear weapons, the strengthening of the United Nations, and the total disarmament in the world.

The SDP revised the party name because the party adopted the policies of social democracy at last year's convention. Social democracy is a mainstream political movement in the world, party officials said. The SDP will continue to do its utmost to develop the social democratic movement in the world, the officials said.

SDP Chairwoman Takako Doi met reporters after the convention and discussed the Gulf war and domestic issues, including local elections to be held across Japan this spring.

Doi said the SDP will play a role in attempting to hold a comprehensive Middle East conference, including a Palestinian peace settlement, which she said is crucial for lasting peace in the region.

The SDP will make a proposal to the socialist international summit meeting in Austria next month for achieving a ceasefire in the Gulf and a comprehensive peace settlement, Doi said.

The summit has been called to discuss the Gulf war and the international social democratic movement.

Doi said she wants SDP members and committees to provide plans for rescuing war evacuees, reconstructing the Middle East postwar, and strengthening U.N. functions for maintaining peace in the region and worldwide.

Government Reports 2.1% Unemployment in 1990

OW0102062091 Tokyo KYODO in English 0126 GMT 1 Feb 91

[Text] Tokyo, Feb. 1 KYODO—Japan's unemployment rate stood at 2.1 percent in 1990, the lowest in 10 years, a preliminary government report said Friday.

The unemployment rate was 2 percent in 1980, then drifted between 2.1 and 2.8 percent between 1981 and 1990. The seasonally adjusted unemployment rate in December was at 2.1 percent, the same rate as in November.

Lower unemployment rates have been attributed to a steady business boom for the past years, said officials from the Management and Coordination Agency.

The size of the work force, including the unemployed, stood at 63.84 million in 1990, an increase of 1.14 million, or 1.8 percent, from the year before, according to the report.

The male work force totaled 37.91 million, up 1.4 percent, and the female work force was 25.93 million, up 2.4 percent.

Employed workers totaled 62.49 million in 1990, up 1.21 million from a year before. The year-on-year increase in the number of the employed topped 1.2 million for the first time in 35 years.

The number of the unemployed in 1990 was 1.34 million, a decrease of 800,000 from a year before.

By industry, agriculture-forestry accounted for 4.11 million jobs in 1990, down 1.9 percent from a year before, construction 5.88 million, up 1.7 percent, manufacturing 15.05 million, up 1.4 percent, wholesale-retail and food services 14.15 million, up 1.1 percent, services 13.94 million, up 4.3 percent.

The Labor Ministry said the ratio of job openings to job seekers in 1990 stood at a seasonally adjusted 1.4, up 0.15 point from 1989. The ratio rose to 1.43 in December from 1.41 in November.

The figures mean there were 140 job openings in 1990 and 143 in December for every 100 job seekers.

North Korea

KCNA Reports South's Dispatch of Planes to Gulf

SK0102052691 Pyongyang KCNA in English 0453 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—The No Tae-u ruling group on January 30 decided to contribute 280 million dollars and five C-130 military transport planes to the Gulf war in "additional support," defying the strong protest of the entire nation, according to a radio report from Seoul.

They had already given "support funds" amounting to 220 million dollars to the U.S. imperialists, their master. The second contribution brings the total to 500 million dollars.

The South Korean ruling quarters squander the "national funds" created at the cost of the sweat and blood of the people for their master when a large number of jobless and poor people go hungry and shiver without money for food and a piece of briquette in cold winter.

Their decision to send even military transport planes to the Gulf area indicates that they are taking one more step toward the dispatch of combat troops after sending a "military medical team".

Their criminal acts to get involved more deeply into the Gulf war and impose immeasurable sufferings upon the South Korean people cannot evade a stern judgement by history.

South's 'Additional Support' for Gulf Criticized

SK3101161491 Pyongyang KCNA in English 1505 GMT 31 Jan 91

[Text] Pyongyang January 31 (KCNA)—No Tae-u Tuesday urged the "secretaries of Chongwadae" to "work out a more active program of support" to the Gulf war, told them to "look into the matter of additional support to the war beforehand and set it forth", according to a radio report from Seoul.

A dyed-in-the-wool colonial stooge, he revealed more openly his treacherous intention to get involved with greater zeal in the Gulf war provoked by the U.S. imperialists.

By taking part in the aggressive war in Vietnam and taking the lead in driving out multitudes of South Korean youths as cannon fodder of the U.S. imperialists, No Tae-u left a criminal trace of a most despicable war servant.

Now he is going to rake up blood taxes of the South Korean people including workers and peasants and throw them into the Gulf war, vociferating about "additional aid" and the like. This is an unpardonable high treason against the people.

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South's Proposal of Gulf Aid Termed 'Treachery'

*SK2901065891 Pyongyang KCNA in English
0448 GMT 29 Jan 91*

[Text] Pyongyang January 29 (KCNA)—The No Tae-u ruling group is "examining" the reinforcement of the "military medical team" and the dispatch of maintenance personnel of aircraft and combat vehicles in case there is a request of "additional support" from the United States with the prolongation of the Gulf war, according to a radio report from Seoul.

This is never-to-be pardoned treachery to escalate its involvement in the Gulf war.

The South Korean people strongly opposed the dispatch of the "military medical team", foreseeing that it would be a prelude to the sending of combat troops in view of the lesson of the U.S. imperialists' war of aggression in Vietnam. But, the South Korean authorities, not many days after they sent the "military medical team" to the Gulf region, put on the order of the day the question of its reinforcement and dispatch of maintenance personnel. It is now as plain as noonday that they, old lackeys of the U.S. imperialists, will take one more step and bring forward the dispatch of combat troops.

The treacherous act of the No group to prolong its remaining days by offering South Korean young people as cannon fodder of the U.S. imperialists can never be pardoned.

Beijing Radio Cited on South's Support in Gulf

*SK2901152991 Pyongyang KCNA in English
1516 GMT 29 Jan 91*

[Text] Beijing January 27 (KCNA)—Radio Beijing on January 25 aired an article exposing the mean purpose sought by South Korea in sending a "military medical team" to the Gulf.

Asking a question "why did South Korea send the 'military medical team' to the Gulf", the radio said: because South Korea will be landed in a difficult position in political, military and economic aspects without the support of the United States. It seeks to continuously drum up support of the United States by helping the latter.

The reason also lies in that as South Korea's "plan for unilateral U.N. membership" last year was frustrated, it is now trying to create "conditions" for "entry into the United Nations" by dispatching a "military medical team" to the Gulf, the radio remarked. Adding: another aim is to secure stable oil supplies and set foot in the region after the Gulf war.

South Citizens Reportedly 'Denounce' Gulf Support

*SK2801110591 Pyongyang KCNA in English
1015 GMT 28 Jan 91*

["South Koreans Lash at Troop Dispatch to Gulf War"—KCNA headline]

[Text] Pyongyang January 28 (KCNA)—South Korean people strongly denounce the No Tae-u ruling group for frantically stepping up preparations for a war against the North while taking an active part in the Gulf war unleashed by U.S. imperialism, according to Radio Voice of National Salvation.

A student of Yonsei University surnamed Kim noted that the No Tae-u group was the first to support the Gulf war provoked by the U.S. imperialists. This proves once again that the No group is a colonial stooge and a faithful dog of the United States, he stressed.

A figure of the Coalition for National Democratic Movement (Chonminnyon) expressed bitter national indignation, saying that the No Tae-u ruling quarters have dispatched young people as cannon fodder to the Gulf war which may be the second Vietnam war and which has nothing to do with the interests of our nation.

A professor of Seoul National University said that No Tae-u does not hesitate to do anything if it is demanded by the United States.

He went on to say:

How many soldiers of the "ROK Army" have died for the United States? Nobody knows how many young men died a dog's death during the Vietnam war in the 1960s. Yet he is going to send troops to the Gulf war now. Can we tolerate this? What is more intolerable is the fact that the No group is again staging the "Team Spirit" joint military rehearsals and madly preparing a war against the North while inciting North-South confrontation with the Gulf war as an excuse. It is a faithful stooge of the United States and the sworn enemy of our nation. It is a group of traitors to the nation with whom we cannot live under the same sky.

A high school teacher in Seoul said: I cannot repress indignation at the thought that our nationals are again being put on the altar of the interests of the United States.

He hoped for an earlier emancipation from the U.S. domination and yoke and enforcement of an independent policy in South Korea.

Reunification Group on Dispatch of Medical Unit

*SK2601063691 Pyongyang KCNA in English
0428 GMT 26 Jan 91*

[Text] Pyongyang January 26 (KCNA)—History will never pardon the No Tae-u ruling group's heinous crime in sending fellow countrymen to the death field of the Gulf war for the U.S. imperialists, said the Secretariat of the Committee for the Peaceful Reunification of the Fatherland in Information No. 580 issued Friday.

The South Korean authorities, in defiance of the strong protest at home and abroad, committed one more crime by finally sending a 150-member "military medical team" to the Gulf war.

The dispatch of the "military medical team" by the No ruling group is an unpardonable treacherous act of putting fellow countrymen on the altar of the U.S. imperialists' Gulf war, the information said, and continued:

No sooner had a war broken out in the Gulf region than No Tae-u, a despicable stooge of the U.S. imperialists, sent an "emergency message" to his master "fully supporting" it and pledging himself to actively back the U.S. forces' combat operations.

The South Korean authorities offered a colossal amount of money to the "multinational forces" and are now taking steps to support the United States in transport. They are also scheming to send huge combat forces to the war-torn area.

The No ruling group's dispatch of the "military medical team" is not merely for medical treatment. Its danger finds expression in that it is a prelude to an extensive dispatch of troops to the Gulf region.

The South Korean students and people are branding the dispatch of the "military medical team" to the Gulf region as the "second dispatch of troops to Vietnam" under the U.S. pressure and strongly opposing the No ruling group's treacherous acts. It is only too natural, the information stressed.

Kim Il-song Receives Reply From Fidel Castro

SK2801084391 Pyongyang Domestic Service in Korean 1200 GMT 25 Jan 91

[Text] The great leader Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea [WPK] and president of the DPRK, received a reply message from Comrade Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba and president of the Council of State and the Council of Ministers of the Republic of Cuba, to his greetings on the 32d anniversary of the victory of the Cuban revolution.

The message reads:

Pyongyang, Comrade Kim Il-song, general secretary of the WPK Central Committee and president of the DPRK:

I express my most wholehearted gratitude to you for sending me warm congratulations and wishes on the 32d anniversary of the victory of the Cuban revolution. I take this opportunity to reconfirm our resolve to further expand and develop the fraternal relations between the parties, governments, and peoples of our two countries. I express my highest and fraternal respect.

Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba and president of the Council of State and of the Council of Ministers of the Republic of Cuba, 23 January 1991, Havana.

Kim Il-song Receives Message From Yasir 'Arafat

SK2901042191 Pyongyang Domestic Service in Korean 2200 GMT 26 Jan 91

[Text] In connection with his message of condolence to Yasir 'Arafat on the sacrifice of Abu Iyad and Abu al-Hawl, members of the Central Committee of the movement for Palestinian liberation, the great leader Comrade Kim Il-song received a reply message from Yasir 'Arafat, president of Palestine and chairman of the Executive Committee of the Palestine Liberation Organization.

The reply message reads as follows:

Pyongyang

Your Excellency President of the DPRK Kim Il-song:

Your Excellency President Kim Il-song

In connection with the fact that Your Excellency expressed deep condolences at the sacrifice of Comrade Abu Iyad and Comrade Abu al-Hawl, and strongly denounced the criminal act which caused this great misfortune, on behalf of our Palestine people, members of the PLO Executive Committee who are my brothers, and on my own behalf, I express wholehearted gratitude to Your Excellency, and through Your Excellency to your government and to the friendly Korean people.

The sacrificed comrades-in-arms were loyal to our people and the revolution, and resolutely struggled for the victory of all just causes.

Their early sacrifice is a sorrow to our people. Their great achievements for our people, however, shine like a beacon and will continue to vigorously encourage our people's just struggle for freedom, independence, and independent right.

This barbarous criminal act, committed at a time when we are faced with the important and arduous stage of deciding the life and death of our nation and our people, cannot dampen our people's resolute will. Rather, this only strengthens our people's resolution to steadily stage a just liberation struggle and uprising aimed at putting an end to the Israeli occupation over their land and holy places, and at establishing the independent country of Palestine with the sacred Quds as capital.

The fraternal condolence and firm solidarity which Your Excellency expressed in connection with the great misfortune and loss to our people and the revolution encourages our people to more vigorously stage the national resistance with ever-victorious faith and firm will to lead a free and dignified life in an independent country.

I once again thank Your Excellency. I wish Your Excellency long life as well as good health and happiness. At the same time, I wish your people endless progress and prosperity.

Revolution will be carried out until a victory is achieved.

Yasir 'Arafat, president of Palestine and chairman of the PLO Executive Committee

18 January 1991, Tunisia

Kim Il-song Exchanges Cards With Foreign Leaders

SK2901065291 Pyongyang KCNA in English 0422 GMT 29 Jan 91

[Text] Pyongyang January 29 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee [CC] of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, on the New Year 1991 exchanged new year cards with R. Venkataraman, president of the Republic of India, Eddie Fenech Adami, prime minister of the Republic of Malta, K. P. Silva, general secretary of the C.C., the Sri Lanka Communist Party, Takako Doi, chairperson of the Central Executive Committee of the Japan Socialist Party, Aleksander Kwasniewski, chairman of the Supreme Board of the Social-Democracy of the Polish Republic, and Georges Marchais, general secretary of the French Communist Party.

Kim Yong-nam Conducts Press Conference 1 Feb

SK0102070391 Pyongyang KCNA in English 0520 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—Vice-Premier and Foreign Minister Kim Yong-nam held a news conference with home and foreign reporters at the Mansudae Assembly Hall this morning, at which he gave answers to a series of questions raised by Japanese reporters.

Answering a question about the DPRK Government's assessment of the first full-dress talks for the normalization of Japan-DPRK diplomatic relations, Kim Yong-nam said:

At the talks, I think, both sides clarified the basic stands and views of their governments on the items put on the agenda.

A review of the course of the talks indicates that there is no difference in the basic stand for solving problems and normalizing diplomatic relations.

Of course, there are differences in the stand and views in each agenda item. But I think the sides can narrow the differences in understanding and reach an agreement in the course of negotiations.

On the DPRK side's reaction to the talk of the Japanese side that the three-party joint declaration has no binding on it as regards the question of compensation for the 45 years after the war, Kim Yong-nam answered:

The Japanese Government contends that the three-party declaration is not legally binding on it as it is a document among political parties. Of course, it is a matter within the authority of the Japanese Government.

However, we consider that the Japanese Government should not ignore the three-party declaration in view of the fact that the Liberal-Democratic Party [LDP] is the ruling party of Japan and the Liberal-Democratic Party and the Socialist Party have an overwhelming majority of the seats at the Diet representing the Japanese people's will, and in view of the fact that they had seriously discussed matters with the government before visiting our country.

Judging from the fact that the Liberal-Democratic Party delegation brought even a personal letter of Prime Minister Kaifu, we cannot say the LDP does not have any connection with the Japanese Government.

In other words, it is not exaggeration to say that it came here as a government envoy, I think.

On the other hand, we believe that the Japanese Government has some problems to approach with sincerity, whether the three-party declaration is binding on it or not, when all it has done against our Republic and the Koreans in Japan in the post-war 45 years is taken into consideration.

Asked if the conclusion of a treaty by the DPRK with Japan which had signed "a Japan-South Korea Treaty" would virtually mean that the DPRK changed its "one Korea" policy, Kim Yong-nam said:

There is no change in our stand against "two Koreas."

There will be no change in it any time. Because the Korean nationals, whether he or she lives in the North, or the South, or abroad, all want reunification and are making patriotic efforts for its early realization.

As the three-party joint declaration points out, Korea is, by origin, one and the North and the South must be reunified into one without fail.

This is the unanimous desire of the whole nation in the North and the South.

We want to establish diplomatic relations with Japan on this premise.

Answering the question if the normalisation of relations between the DPRK and Japan might be regarded as a policy change of the DPRK, the Foreign Minister said:

It must not be regarded as a policy change. Because the Korean and Japanese peoples have desired friendship between the two countries from long ago and striven to that end. [sentence as received]

The guiding idea and ideology of our Republic is the chuche idea.

Hence, its internal and external policies are independent policies embodying the chuche idea of the great leader Comrade Kim Il-song.

Independence, friendship and peace are our diplomatic idea.

According to this idea we establish good-neighbourly relations with all countries which are friendly towards us.

If Japan had been friendly towards us, DPRK-Japan relations would have been established.

However, abnormal relations have continued, because Japan has pursued a hostile policy till today.

Therefore, it is naturally a matter of big concern that the negotiation for normalising diplomatic relations between the DPRK and Japan has started, though it is rather belated.

Our basic policy is consistent and remains unchanged.

Answering the question if he did not think the normalisation of the diplomatic relations between Japan and the DPRK might be delayed drastically in case DPRK side persistently refused to sign the nuclear safeguards accord with the International Atomic Energy Agency, he said:

We are willing to sign the nuclear safeguards accord. This is our stand.

The point is the nuclear threat of the United States to us.

We cannot blindly sign the accord without the removal of this nuclear threat.

We intend to open the door of DPRK-U.S. negotiation by all means and solve this problem at an early date.

This is not a matter, by nature, which should be agreed upon between the DPRK and Japan.

The normalization of DPRK-Japan diplomatic relations and the signing of the nuclear safeguards accord are matters quite different in nature.

If Japan is interested in it, we think it desirable for her to give an advise to the United States friendly to her so that a DPRK-U.S. negotiation may be arranged as soon as possible.

The Nuclear Non-Proliferation Treaty is premised on the guarantee of the safety of the non-nuclear nations.

Accordingly, the obligations of the non-nuclear nations under the Nuclear Non-Proliferation Treaty should be preceded by the fulfillment of treaty obligations by the nuclear nations.

It is our obligation to sign the nuclear safeguards accord and it is the United States' to remove the nuclear weapons.

We are under direct threat of U.S. nuclear weapons.

Therefore, specific conditions must be guaranteed, if we are to sign the safeguards accord.

Removal of the U.S. nuclear threat to us and commitment to legal guarantee of security are outside the authority of the International Atomic Energy Agency. This is a problem which must be solved by the United States. This is why we demand of the United States the removal of the nuclear threat and commitment to legal guarantee of security.

This is our legal right under the Nuclear Non-Proliferation Treaty to which we are a signatory.

We may sign the nuclear safeguards accord, provided that DPRK-U.S. negotiation is held and the nuclear threat is removed and the question of legal guarantee of security is solved through it.

We cannot sign the accord at the expense of the sovereignty of the country, the nation's right to existence and the security of the state, blindly complying with the demand of the Nuclear Non-Proliferation Treaty.

To do so contravenes the Nuclear Non-Proliferation Treaty, too.

Touching upon the nuclear inspection, the Foreign Minister said, in case of a nuclear inspection, it must not be confined to our Republic, but be made also of the U.S. nuclear bases in South Korea.

Answering a question about the demand of the DPRK for noting down the apology of the Japanese Government in a diplomatic document, Kim Yong-nam said:

As already declared by the head of our side's delegation, it is important above all to clear away the past for the normalization of DPRK-Japan diplomatic relations.

When an agreement is reached on the normalization of a diplomatic relations, appropriate official documents will be adopted. Whether such documents should take the form of joint statement or a joint communique should be decided through consultation between the sides, I think.

Referring to the obstacle created by the "Team Spirit" maneuvers to North-South premiers' talks, Kim Yong-nam said:

We have already repeatedly demanded that the United States and the South Korean authorities stop the "Team Spirit" joint military exercises at least for a few years for a smooth progress of the North-South dialogue. This notwithstanding, the United States and the South Korean authorities started the "Team Spirit" again this year to lay an artificial hurdle in the way of North-South premiers' talks.

We, therefore, cannot but take it seriously.

We are now pondering over this.

Touching on the normalization of DPRK-Japan diplomatic relations and "cross recognition", he said:

For a correct understanding of Korea-Japan relations, it is necessary to make a proper study of the past history of Korea-Japan relations.

Japan had subjugated Korea as its colony and suffered a defeat in the Second World War, and Korea was divided by outside forces.

Japan is to blame to some extent for Korea's division.

If Japan had not reduced our country to a colony, Korea would not have been divided as it is today.

Because Japan has pursued a hostile policy after the war DPRK-Japan relations have remained abnormal.

Diplomatic relations is an exercise of state sovereignty.

Our Republic whose home and foreign policies are run through with the chuche idea and which is based on it fully exercises its sovereignty.

Diplomatic relations are not trade and commercial relations like selling and buying goods.

"Cross recognition" is, therefore, a senseless view regarding diplomatic relations as a cargo, and it is very wrong.

"Cross recognition" has never been and can never be found in the history of world diplomacy. It is a grossly mistaken notion.

Nevertheless, the word "cross recognition" is in vogue as regards the Korean question. It is a product of the ruse of great powers to encroach on the interests of small countries, regarding them as an object of bargaining.

The word "cross recognition" itself rolled off the tongue of the United States.

I think Japan's willingness to normalize diplomatic relations with us is by no means intended for "cross recognition".

As far as we know, Japan intends to normalize diplomatic relations out of a desire to build among the Asian peoples a new Asia, independent, peaceful and prosperous.

On the DPRK Government's stand toward the Gulf war, Kim Yong-nam declared:

The Government of our Republic deems the Gulf war as one deeply regrettable.

We hope that the Iraq-Kuwait relations would be solved correctly because they are abnormal.

We oppose military intervention of one country in another country, whatever the reason may be.

Feeling regret at the outbreak of the war under the pretext of the Gulf crisis, we hope for a halt to the war and its peaceful solution.

In other words, we cannot approve the Iraq-Kuwait relations nor can approve the Gulf war, but take it more seriously.

We decisively oppose interference in other's internal affairs, threat and blackmail and military intervention against other country.

We cannot but take a serious view of the fact that the "Team Spirit 91" joint military exercises are timed to coincide with the Gulf war.

It is not difficult to guess that if an aggression is not checked at the very start, it will escalate.

Nobody knows what incident may break out now in the wake of the incidents in Grenada and Panama. This is why we demand that the Gulf war be discontinued and things be settled by peaceful means.

Daily Views Kim Yong-sam's Reunification Plan

SK0102104391 Pyongyang KCNA in English 0958 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—Kim Yong-sam, a "co-leader of the Democratic Liberal Party" of South Korea, "addressing the National Assembly," was impudent enough to spin out a long string of balderdash about the important issue of national reunification. This is the topic of a MINJU CHOSON commentary today.

Recalling that Kim Yong-sam brought forward again the trite "stage-by-stage formula" of the '70s with the allegation that reunification "cannot be achieved with impatient expectations alone" and "feasibility" should be given priority to promote it, the commentary dismisses this as an anachronistic deed.

Kim Yong-sam called for "laying foundations of reunification," while taking exception to the DPRK's demand for a solution to the question of a nonaggression declaration, the commentary notes, adding that this is, in fact, meant to lay foundations for national division and gratify the ambition for "unification of systems" by "increasing real capabilities."

Kim Yong-sam said he "would go to any place if need be," pretending to have "worked" for reunification, it says, and goes on: nobody will believe him who has put a spoke in the wheel of the reunification movement, no matter how artfully he may pretend to have "worked" for reunification.

His "address to the National Assembly" is, in a word, replete with his intention to keep up the state of division under the cloak of "reunification," not for the solution of the reunification question, and give his poor image a boost and thus capture the "presidential" seat of which he has been dreaming.

The brain child of the "patient obsessed with lust for presidency," however, will go down with no one.

The South Korean people will never pardon the political mountebank who stands in the way of the grand march toward reunification, going against the nation's desire for reunification.

Foreign Visitors Support Reunification Proposals

SK2901105091 Pyongyang KCNA in English
1010 GMT 29 Jan 91

[Text] Pyongyang January 29 (KCNA)—The reunification of Korea is a vital demand of the nation which brooks no delay and a task of the era raised by the historical trend of independence.

This voice is ringing louder from among foreign political and public figures who visited Panmunjom, a historical spot where the tragedy of national division is concentrated.

Yoweri Museveni, president of the Republic of Uganda and chairman of the National Resistance Movement, wrote in the visitors' book after visiting Panmunjom that it is a tragedy that the Korean people remain divided and members of separated families cannot meet each other. He expressed full support to the constructive proposals of the DPRK to reunify the country at an early date.

The Yankees staying in South Korea claim that they "prevent" a war in Korea. But it is a rigmarole reversing black and white, Esteban Diaz Jaquez, secretary general of the C.C., the Dominican Labour Party, said, adding: If Korea is to be reunified, the United States, the very one responsible for division, should withdraw its forces and nuclear weapons from South Korea and an atmosphere of peace created on the Korean peninsula.

The United States has no ground to oppose the removal of the barrier of division in Korea while welcoming the pulling down of the barrier in other country, he stated. [sentence as received]

Wolle Chekol, vice-prime minister of Ethiopia, said that one country, one nation is tragically subjected to sufferings, divided into two owing to the artificial barrier. The barrier of division must be torn down without delay and Korea be reunified at an early date according to the proposal for the independent and peaceful reunification put forward by the great leader President Kim Il-song.

Soviet Official on Reunification, Military Tension

SK2801105391 Pyongyang KCNA in English
1010 GMT 28 Jan 91

[Text] Pyongyang January 28 (KCNA)—First Vice-minister of Defence of the Soviet Union K. Kotchetov who visited the DPRK some time ago talked about Korea's reunification and the question of easing the military tension on the Korean peninsula, according to Radio Moscow on January 26.

He said that the question of Korea's reunification should be achieved by peaceful means, through constructive dialogue between the North and the South.

Noting that to lower the level of military confrontation on the Korean peninsula will be an important measure for the solution of the Korean question, he ascribed it to the fact that huge armed forces now stand in confrontation with each other with the Military Demarcation Line in between and more than 40,000 U.S. troops equipped with nuclear weapons are deployed in South Korea, and there is only the armistice agreement in force.

He further said:

Therefore, the question of easing the political and military tension on the Korean peninsula or, moreover, finding the way of removing the tension comes to the foreground.

In this sense, I want to remind you that I fully approve the Soviet Union's stand of supporting the reduction of armed forces of the North and the South and the withdrawal of foreign forces from South Korea.

I mean the initiatives taken by the Democratic People's Republic of Korea last year.

We also welcome the initiative of the DPRK to turn the Korean peninsula into a nuclear-free zone.

I believe that progress in disarmament will make it possible to accelerate Korea's reunification.

Nepal, Mozambique Offer Support for Reunification

SK2601062991 Pyongyang KCNA in English
0426 GMT 26 Jan 91

[Text] Pyongyang January 26 (KCNA)—The DPRK's proposal for national reunification by means of confederation has been supported in Mozambique and Nepal.

Joaquim Alberto Chissano, president of Mozambique, when he met the Korean ambassador to his country on January 20, declared that Mozambique supports and will as ever support the reunification proposal through confederation put forward by the great President Kim Il-song.

The supreme leader of the Nepali congress referred to the question of Korea's reunification, when he met the Korean ambassador to his country on January 22.

He extended warm welcome to the proposal for Korea's reunification through confederation based on one nation, one state, two systems and two governments advanced by the great leader President Kim Il-song, considering it to be a most realistic and just proposal.

Behavior of No Tae-u Group Termed 'Disgraceful'

SK3101063691 Pyongyang KCNA in English 0519 GMT 31 Jan 91

["Faithful War Servant of the United States"—KCNA headline]

[Text] Pyongyang January 31 (KCNA)—NODONG SINMUN today comments on the disgraceful behavior of the No Tae-u group in trying hard to curry favor with its American master.

No Tae-u on January 29 instructed his underlings to render more positive "support" to the Gulf war. The South Korean rulers reportedly decided to inform the U.S. side beforehand of the amount of their "additional support" for the cost of the Gulf war and are now "examining" the reinforcement of the "military medical team" and the dispatch of maintenance personnel of aeroplanes and combat vehicles on the principle of complying with the U.S. demand for "additional support" mainly with "troop support."

This vividly shows that the No group of traitors is more zealously expanding its criminal acts of joining in the Gulf war, challenging the demand of the South Korean people, the news analyst says, and goes on:

The No Tae-u ruling group is complying with whatever demands of its American masters, giving no thought to the demand of the South Korean people. This is a treacherous act that could be done only by such hand-raised dogs of the United States.

The No Tae-u ruling group's voluntary "examination" of troop dispatch before the United States demanded it reveals the treacherous nature of a born colonial puppet that prolongs its remaining days by clinging to the coattails of its American masters and feeding on the crumbs thrown by them.

No has many pending political issues to settle in the later period of his tenure, such as "local assembly elections," "election of local autonomous body chiefs," "National Assembly elections" and "presidential elections." In actively joining in the Gulf war No seeks to consolidate the long-term office system of the military dictatorial forces with the zealous patronage and "strength" of the United States.

It is as clear as noonday from the No Tae-u ruling group's behavior that it will unhesitatingly commit such a criminal act of sending main combat troops to the Gulf.

The No group of traitors which is rushing headlong along a criminal road against the nation, trying to find favor with its American masters, is bound to face a stern judgement by the people.

'Reverance' Increases for Kim Il-song in South

SK3001123991 Pyongyang KCNA in English 1003 GMT 30 Jan 91

[Text] Pyongyang January 30 (KCNA)—Reverence for the great leader President Kim Il-song and dear Comrade Kim Chong-il is growing deeper among South Korean people.

This is well illustrated by the fact that literature and wall posters praising president Kim Il-song and Comrade Kim Chong-il have continued to appear in different places of South Korea.

A wall poster carrying the full text of the New Year address of the great leader was pasted up on a billboard of the Political Economy College of Korea University on January 11, causing a big stir among students.

Hundreds of copies of handbills reading "We make a deep bow wishing long life and good health to President Kim Il-song, the hero of mankind and centripetal core of reunification and the dear leader Kim Chong-il, the sun of guidance and symbol of hope". "To the tender fatherly bosom of President Kim Il-song and the dear leader Kim Chong-il!" and "Long live the democratic confederal republic of Koryo, the reunification proposal of President Kim Il- song!" which were issued in the name of the Society of Patriotic Young People for Reunification were found scattered in the Masan area earlier, on the occasion of the new year.

Scattered in Kwangju was a print in the name of the Society For the Study of the Chuche Philosophy reading "One million fellow students! Chuche is the lifeline of the nation and fellow countrymen. Let us become faithful advocates of chuche who follow the chuche idea of Kim Il-song". "Kim Il-song, the leader of reunification, sure victory-reunification, chuche-life." "Let us make 1995, the first year of national reunification, upholding President Kim Il-song's great programme of reunification" and "Fellow countrymen, compatriots, be proud of having Kim Il-song, the sun of the nation, and Kim Chong-il, the lodestar of reunification."

Last year, too, South Korean people took every opportunity to express ardent reverence for the great leader and the dear leader through literatures, wall posters and so forth.

In early April last year more than 600 copies of a literature speaking highly of the great leader were pasted up on front gates of dwellings in Ulsan, South Kyongsang Province, on the occasion of his birthday and red letters "Long live the great leader Kim Il-song!" were written on walls of houses and on sides of street buses in Suwon.

Letters "The people and young fighters wish good health and long life to President Kim Il-song, the sun of the nation and peerless patriot" were found at the student hall of Seoul National University.

Many copies of a literature reading "Secretary Kim Chong-il is the sun of the nation" were scattered at Tongguk, Tanguk, Korea and other universities in Seoul and "We congratulate dear Mr. Kim Chong-il, the lodestar of the nation, upon his birthday" in Iri, North Cholla Province.

A worker of the Daewoo precision factory wrote "Long live Comrade Kim Chong-il, the reunification of North and South!" on the blackboard in an office room of the factory and made a speech praising the brilliant reality of the Northern half of Korea.

This shows well that the determination to hold President Kim Il-song and comrade Kim Chong-il in high esteem for ever has been rooted deeply in the hearts of the South Korean people.

South's UN Admission Proposal Called 'Hokum'

SK2601120591 Pyongyang KCNA in English 1036 GMT 26 Jan 91

[Text] Pyongyang January 26 (KCNA)—No Tae-u put his head together with the puppet foreign minister on January 24 over the problem of "U.N. membership", according to a foreign press report from Tokyo.

There No said "South Korea must become a U.N. member without fail this year", and the "foreign minister" let out the hokum that the South and the North should "simultaneously enter" the United Nations and South Korea "will independently deal with the problem of U.N. membership".

These are utterances of the anti-reunification splittists ignoring the entire nation's desire and will for reunification. They indicate that the South Korean authorities intend to force "its unilateral entry into the U.N." at any cost.

Openly revealing their scheme for "unilateral U.N. membership", the South Korean authorities are working desperately to legalize the permanent division of the country on the international scene.

Revolutionary Anti-Imperialist Spirit Stressed

SK0102055091 Pyongyang Domestic Service in Korean 0014 GMT 28 Jan 91

[NODONG SINMUN 28 January Editorial: "Let Us Firmly Arm Ourselves With Revolutionary Spirit Against Imperialism"]

[Text] Today, the whole country is seething with the struggle to implement the great leader Comrade Kim Il-song's New Year address more dynamically with each passing day. In his New Year address this year, the great leader Comrade Kim Il-song taught that along with the fulfillment of the task of accelerating socialist construction, and thus opening a new situation for national reunification, we should advance under the uplifted banner of independence against imperialism.

The great leader Comrade Kim Il-song has taught: The world progressive people should not be deceived by the imperialists' honeyed words, should not pin hopes on their deceptive aid, but should advance, holding high the banner of independence against imperialism.

The people's cause of independence advances and is victorious amid their struggle against imperialism. It is inevitable that the cause of socialism triumphs and imperialism goes to ruin. Imperialism, however, will never withdraw from the arena of history of its own accord. History shows that without a struggle to the end against imperialism it is impossible to think of the freedom and happiness of the people, the peace and security of the world, and the victory of the socialist cause.

Acute struggle and confrontation between socialism and imperialism and between progressive forces and reactionary forces still continues in the international arena today, and the imperialists' shameless ambition to expand their sphere of domination throughout the world has become more unscrupulous. As a result, the people's independence cause now faces a grave challenge.

The U.S. imperialists who are illegally occupying a half of the country have not renounced their maneuvers to make South Korea their permanent colony and are more frankly running wild in their military buildup and criminal war exercise commotions. Only when we advance, holding high the banner of independence against imperialism can we properly carry out socialist construction, smash the enemies' commotion against the Republic and socialism, and thus achieve peace in the fatherland and its peaceful reunification.

Our people are the heroic people who have been tempered amid the flames of the protracted revolutionary struggle against imperialism and who won in the fight against two imperialist countries in one generation. They are also the independent people who have a strong revolutionary spirit against imperialism. We should advance, holding high the banner of independence against imperialism under the wise leadership of the great party without the slightest vacillation, no matter what the wind or which way it may blow. It is important, above all, to have a correct understanding of the true features of imperialism and its fate. Imperialism has been driven into a corner both internally and externally and is faced with the crisis of ruin which deepens with each passing day.

We should clearly realize that the desperate maneuvers of imperialists in different parts of the world are by no means an expression of their mightiness but a revelation of their vulnerability. Imperialism has its own serious internal conflict which cannot be solved and is drawing nearer its doom.

Contrary to what the imperialist mouthpieces advertise, capitalism is not prospering but is becoming all the more corrupt and reactionary in all fields of material, moral, cultural, and political life. We should deeply realize that as the reactionary and anti-popular nature of imperialism becomes more pronounced the rascals are rushing headlong along the road of self-destruction and should valiantly and steadfastly fight all sorts of imperialist antirevolutioanry offensives without faltering.

It is also important for all party members and the working people to thoroughly realize that the aggressive and predatory nature of imperialism will never change. It is precisely the way of life of the imperialists to live by invading and plundering others.

Today, the imperialists are clamoring about the end of the cold war and the advent of the era of peace. This is nothing, however, but an out-and-out deception. The ringleader who threatens peace and forces people to shed blood in all parts of the world is none other than the imperialists.

At present, the imperialists are acting more outrageously; are perpetrating without hesitation brigandish armed invasion against sovereign countries; and are cunningly scheming to grasp, dominate, and plunder other countries in the name of aid and cooperation. We should clearly see through the deceptive and crafty nature of the imperialists' honeyed words and should wage an uncompromising struggle against them.

The imperialists are wantonly perpetrating aggression and enslavement, wielding nuclear weapons in one hand and waving a purse in the other. The imperialists are resorting to the heinous and crafty methods of military threats and blackmail, economic bribery and subjugation, and ideological and cultural disorganization in a bid to bring the people of socialist countries and the world's progressive people under their control. The people, however, will never be taken in by them or harbor any delusion about them. We should have high vigilance against the imperialists' reckless maneuvers for aggression and war, and should resolutely struggle to smash them at every phase.

In order to smash the imperialists' counterrevolutionary offensives, it is imperative to firmly adhere to revolutionary principles. Our people are carrying out the revolution in a place where the offensive of the imperialists, including the U.S. imperialists, is concentrated and where the struggle between imperialism and socialism is most acute. They are victoriously forging ahead with the revolution, however, without the slightest degree of turns and twists. This is because they firmly adhere to revolutionary principles.

In the future we will also firmly defend and implement revolutionary principles, the principles of socialism. Thus, we will safeguard the cause of socialism and smash the enemies' counterrevolutionary offensive with a revolutionary offensive.

The decisive factor of victory in the struggle against imperialism lies in the unity and cohesion of all the people around the party. What the imperialists are most afraid of is precisely the might of the steel-like unity and cohesion of the party and the people. All party members and the working people should uphold the party's leadership with the unshakable conviction that they would surely win victory, come what may, as long as our party—which is organizing and leading the cause of independence against imperialism to the single road of victory—stands in the front.

All functionaries and working people, as in the past, should more firmly unite around the party Central Committee headed by the respected and beloved leader Comrade Kim Il-song; should firmly safeguard and defend the party and the revolution; should firmly adhere to the party's stand under any circumstances; and thus should speak, think, and act according to the party design.

An important duty has arisen before party organizations in firmly arming all the people with the anti-imperialist independence spirit. Party organizations of all levels should more vigorously wage ideological indoctrination work, including indoctrination in the principle of the chuche idea, in conformity with the demands of developing reality. Thus, they should see to it that all party members and the working people more firmly establish their revolutionary world view of chuche and possess high class consciousness as well as the will to fight against imperialism. They should also see to it that all party members and the working people follow and emulate the indomitable revolutionary spirit and the spirit of uncompromising struggle against class and national enemies of the late anti-Japanese revolutionary fighters who waged a protracted struggle against the enemies, even under adverse circumstances, and won a victory.

Along with this, party organizations at all levels should also see to it that all party members and the working people clearly know of the reactionary nature of modern imperialism, the imperialists' craftiness, and the inevitability of their ruin. In particular, party organizations should see to it that party members and the working people also do not forget the crimes and viciousness of the U.S. imperialists who have brought misfortune and sufferings to our people in the past and who are forcing the tragedy of national division upon them even today, but also burn with indignation and hostile feelings against the enemies.

Party organizations should see to it that all party members and the working people enthusiastically love their socialist system and fatherland and firmly defend all revolutionary gains that they have attained thus far, by shedding blood and sweat, with the great pride and dignity of living under the most superior socialist system, holding the great leader in high esteem. Party organizations should also see to it that everyone tautly and militantly works and lives in his revolutionary outpost. By doing so, our party organizations should prevent different ideologies which run counter to the chuche idea and the imperialists' corrupt bourgeois life style from infiltrating our society.

The final victory of the people's cause of independence, the cause of socialism, is inevitable; victory always stands at the side of the people who advance along the flow of history, adhering to truth and principle. Imperialism, which has met doom, cannot block the people's cause of justice and will not be able to escape defeat and ruin no matter how frantically it may run wild.

Our people will more vigorously advance along the road of independence against imperialism, with overflowing faith in victory and revolutionary optimism, under the banner of the chuche idea.

Authorities' Arrest of Southern Dissidents Viewed

SK2601121491 Pyongyang KCNA in English
1039 GMT 26 Jan 91

[Text] Pyongyang January 26 (KCNA)—The South Korean authorities arrested on January 24 Yi Chang-pok, permanent chairman of the South side's promotion headquarters of the Pan-National Rally (PNR), and Kim Hui-taek, chief of its policy room, on charges of the violation of the notorious "National Security Law", according to a radio report from Seoul.

They issued advance warrants of arrest for Kim Hui-son, vice-chairman of the executive committee of the headquarters, and Kwon Hyong-taek, deputy director of its secretariat, and are now on their track.

The authorities charge them with the formation of the South side's promotion headquarters in summer last year and involvement in the dispatch of three delegates to the Berlin tripartite working-level talks of the Pan-National Alliance for Reunification (Pomminnyon).

The No Tae-u ruling group, defying the strong protest of people of various social strata, continues cracking down on the patriotic, democratic figures who have conducted righteous activities for national reunification, bringing its ugly color as a separatist into bolder relief.

Southern Hotel Worker Reportedly Defects to North

SK0102111291 Pyongyang KCNA in English
1059 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—Chi Yong-chun, 29, an employee of the Mudungsan Spa Tourist Hotel of South Korea, came over to the Northern half of Korea a few days ago.

He was born in Woecho-ri, Pongrae-myon, Kohung County, south Cholla Province. He worked at hotels in Yosu, Pusan and Kwangju after studying tourism and hotel management at Kyongju Junior Vocational College in north Kyongsang Province and Kyunghee University in Seoul.

Explaining the motive of his defection, Chi Yong-chun said he fought for campus democratization, workers' rights to existence and freedom of labour but could not win the elementary freedom and rights of man in the colonial South where the U.S. imperialist aggressors strut about and abuses and repression hold sway.

Through avid reading of ideological books I realized that the socialist North under the policy of President Kim Il-song is a true society where man is most valued and everyone lives an equal and free life, he stated.

He further said:

After being deeply acquainted with the true realities of the society of the North, I did not want to live in the colonial South any longer. While seeking a way to come to the North, I went to a foreign country in January and came here by taking advantage of this chance.

Further Reaction to 'Team Spirit' Exercises

KCNA Comments

SK0102062291 Pyongyang KCNA in English
0515 GMT 1 Feb 91

["Unceasing War Exercises of U.S. Imperialists and South Korean Authorities—KCNA headline]

[Text] Pyongyang February 1 (KCNA)—The U.S. imperialist aggressors January 30 sent formations of overseas-based A-10 assault planes to the sky above Yoju and Kunwi areas for an air strike exercise aimed at a surprise attack on our side in coordination with scores of fighter bombers and assault planes belonging to the South Korean puppet army, according to military sources.

The U.S. imperialists brought Guam-based KC-135 air-refueling planes to South Korea on January 29 and 30 for an exercise of refueling in the air 20 odd F-16 fighter bombers belonging to the U.S. Seventh Airforce under the simulated conditions of a real war.

Meanwhile, the South Korean puppets staged a provocative ground attack operation exercise in Uijongbu, Hwachon and Tongduchon areas on January 29 and 30, supported by more than 70 F-16, F-4, F-5 and OA-10 fighter bombers and observation planes.

A total of 1,200 planes were mobilized in the aerial war exercises held in the sky above South Korea under various names on January 29 and 30.

From around 19:00 to 20:00 on January 30, the South Korean puppets openly perpetrated a provocative act against us by firing at random shells of different calibre-guns from Paeknyong islet near the extention of the demarcation line on the sea.

Soviet Says Exercise Hinders Detente

SK0102052491 Pyongyang KCNA in English
0450 GMT 1 Feb 91

["Soviet Stand Toward 'Team Spirit 91' Military Exercises Clarified"—KCNA headline]

[Text] Moscow January 30 (KCNA)—A spokesman for the Soviet Foreign Ministry on Jan. 30 issued a statement to the press clarifying the stand of the Soviet Union toward the decision of the U.S. imperialists and the South Korean puppets to stage the large-scale "Team Spirit 91" joint military exercises this year, according to a TASS report.

He told TASS that the Soviet Union considers that the "Team Spirit 91" joint military exercises of the United States and South Korea lay an additional hurdle in the way of solving the complicated question of Korea.

The Soviet Union thinks that such military exercises as "team spirit" in the South of the Korean peninsula are not conducive to detente and strengthening of security in this region, he stated.

Cuban Daily Condemns Exercise

SK0102105191 Pyongyang KCNA in English
1018 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—PRENSA LATINA of Cuba on January 26 condemned "Team Spirit 91" joint military exercises of the United States and the South Korean authorities.

The "Team Spirit 91" joint military exercises are aimed at provoking a nuclear war against the northern half of Korea, and the very one that aggravates confrontation and tensions on the Korean peninsula is none other than the United States and the South Korean authorities, PRENSA LATINA said, adding: The Democratic People's Republic of Korea urged the South Korean authorities to completely discontinue the "Team Spirit" that creates tensions, or stop it for at least 2 or 3 years to come at the North-South high-level talks.

The South Korean authorities are refusing to adopt a non-aggression declaration between the North and South and are continually staging joint military exercises with the United States. This reveals their separatist and bellicose nature.

The United States and the South Korean authorities do not want peace but are trying to ignite a war again in the 90s as in the 50s.

KCNA Reports on Actions

SK3101113291 Pyongyang KCNA in English
0959 GMT 31 Jan 91

[Text] Pyongyang January 31 (KCNA)—The U.S. Pacific Airforce Command on January 27 mobilised a total of hundreds of fighter-bombers in a large-scale aerial allround exercise with the sky above South Korea as the theatre of operations, according to military sources.

This provocative war gamble was an exercise resembling a real war which involved quick mobility and deployment of formations of fighter-bombers in the Korean penninsula from their overseas bases of aggression and attacks on targets, electronic war and so on in case of "contingency".

On the 28th, the U.S. imperialists sent an E-3A early warning plane to South Korea from the Kadena Base in Okinawa to commit an electronic reconnaissance on targets in the depths of our side and command an aerial war game.

On the same day, ground units of the South Korean puppet army staged an attack operation exercise simulating an invasion of the North in Pochon, Hwachon and Uijongbu areas with the support of formations of fighter-bombers and observation planes belonging to the U.S. imperialists and the puppet airforce.

The South Korean authorities threatened us, frantically firing more than 80 shells from Paekryong Islet six times between January 28 and 29.

Chongnyon Denounces Exercise

SK3101134791 Pyongyang KCNA in English
1032 GMT 31 Jan 91

[Text] Tokyo January 30 (KNS-KCNA)—The central standing committee of the General Association of Korean Residents in Japan (Chongnyon) in a statement on January 29 branded the "Team Spirit 91" joint military manoeuvres by the U.S. imperialists and the South Korean ruling quarters as an aggressive and provocative criminal act threatening the dialogue and peace in Korea and the security of Asia and the world, and sharply denounced it in the name of the 700,000 Korean residents in Japan.

It is an unbearable challenge to all the Korean people who want peace and reunification and an unpardonable anti-national treachery that the South Korean authorities stage criminal military exercises with the U.S. imperialists taking the other party concerned for reunification as the "enemy" at a time when North-South dialogue is under way and the whole nation is rising as one toward peace and reunification, the statement notes and continues:

The United States, if it is interested at all in peace on the Korean peninsula, North-South dialogue and the peaceful reunification of Korea as it claims, must discontinue at once the provocative "Team Spirit 91" joint military exercises, withdraw its troops and nuclear weapons from South Korea and agree to signing a DPRK-U.S. peace agreement without delay.

The South Korean authorities must immediately stop the war manoeuvres against fellow countrymen and suppression of the pro-reunification democratic forces and cease at once from their criminal acts of joining in the Gulf war by complying with the United States' demand.

Military Exercises Denounced

SK0102133891 Pyongyang Domestic Service in Korean 2200 GMT 30 Jan 91

[Text] According to a military source, after announcing the plan of the adventurous Team Spirit-91 joint military exercise on 25 January, the U.S. imperialist aggressors are dragging on with large scale U.S. troop and operational equipment, needed to participate in this exercise, from the U.S. mainland and bases in the Pacific areas into South Korea. Timed to coincide with this, they are more frantically running amok with the exercise of the northward war of aggression on the ground, in the air, and on the sea.

On 27 January, the U.S. Pacific Air Force Command staged another large-scale comprehensive aerial exercise by taking the air above South Korean area as an operational stage.

Mobilized in this exercise were several hundred F-16 and F-15 fighter-bombers of the Fifth U.S. Air Force, which were deployed in Misawa base in Japan and Kadena base in Okinawa, as well as F-16 fighter-bombers of the Seventh U.S. imperialist Air Force in South Korea.

From around 1200 to 1400 on 28 January, the U.S. imperialists mobilized a KC-135 refueling plane from Guam to the air above the Chongup area, and staged an aerial refueling exercise for about 20 fighter-bombers including F-16's and OA-20's as well as for surveillance aircraft which belong to the Seventh U.S. Air Force.

On the same day, the U.S. imperialists mobilized many C-130 transport aircraft carrying aggressor forces, who will participate in the criminal Team Spirit-91 joint military exercise, from the U.S. mainland and bases in the Pacific region; fighter-bombers including F-16's and KC-135's; and aerial refueling aircraft. They deployed these aircraft in Osan Air Force Base, thus kicking off a commotion.

At around 0800 on the same day, the U.S. imperialists dragged an E-3A AWAC in South Korea from Kadena base in Okinawa and let it make a round-trip flight in the air along the Military Demarcation Line [MDL] for a long time. The U.S. imperialists let it commit electronic reconnaissance activities against objects in depth in our side's area and let it command the aerial war exercise.

In the meantime, at around 1000 on the same day, the ground forces of the puppet army frantically staged an offensive operation exercise by simulating a northward invasion in the area of Pochon, Hwachon and Uijongbu, under the support of fighter-bombers and surveillance aircraft, including F-5's, F-4's, F-16's, and OA-20's which belong to the U.S. imperialist and puppet air force.

From 2100 on 28 January to 0400 on 29 January, the South Korean puppets indiscriminately fired 80 rounds of shells on six occasions into the sea off the Paengnyong Island which is located close to the Marine Guard Line and thus threatened us.

From 1900 to 2000 on 28 January, they mobilized and deployed about 150 gun carriages in the direction of Pangmok-ni, Imjin myon, Paju County, from Sogum-ni, Chindong myon, Paju county, an area in the MDL. Thus they openly committed military provocations and aggravated us.

International Groups Cited

SK3001122591 Pyongyang KCNA in English 1019 GMT 30 Jan 91

[Text] Pyongyang January 30 (KCNA)—World public strongly denounces the aggressive and provocative "Team Spirit" joint military exercises which are staged every year by the U.S. imperialists and South Korean authorities.

Ramambazafy Armand [name as received], member of the Political Bureau of the Central Committee of the Malagasy Vanguard of Revolution and general secretary of the Ministry of Information, Ideological Animation and Cooperativization, in his statement issued to the press pointed out that the "Team Spirit" joint military exercises are a "preliminary war" and a "test nuclear war" for a three-dimensional offensive operation against the North by a nuclear preemptive strike.

Because of this adventurous war gamble, the Korean peninsula and the world peace are seriously threatened, he said.

The Afro-Asian People's Solidarity Committee of Nepal and the Nepal Peace Committee and other social organizations of Nepal in a joint statement denounced the "Team Spirit" joint military exercises as most dangerous and gravest military acts without precedent in view of their offensive nature with landing and river-crossing operations as the main.

Indian parliamentarians in a joint statement noted that the military exercises are part of the military strategy to realize the design of world domination of the U.S. imperialists and a most adventurous and dangerous war game motivated by an aggressive strategy on Korea and Asia.

The People's Army Command of the Syrian Arab Republic in a statement noted that the "Team Spirit" joint military exercises are an open provocation to the new proposal for reunification set forward by the DPRK and to the sincere efforts to that end, a criminal act threatening the peace of Asia and the world and a grave challenge to the world people who love peace and justice.

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'Aerial War Game' Reported

SK2901064891 Pyongyang KCNA in English 0502 GMT 29 Jan 91

[Text] Pyongyang January 29 (KCNA)—Timing to coincide with the publication of the criminal plan of the "Team Spirit 91" joint military exercises by the U.S. imperialist aggressors, the U.S. Pacific Regional Naval Command on January 26 sent formations of Iwakuni-based FA-18 pursuit-assault planes to the sky above Kongju, Anmyondo and Woeyondo of South Korea to stage another joint attack exercise against the North in coordination with formations of F-16, F-4, F-5, OA-10 and other fighter-bombers and observation planes belonging to the U.S. imperialists and the South Korean puppet air force, according to military sources. Involved in it are about 90 planes. Between January 25 and 26, the U.S. imperialists deployed one after another formations of fighter-bombers, pursuit-assault planes and tanker planes such as F-16, FA-18, KC-135 into the Osan Airforce Base from Atsuki, Misawa and Iwakuni of Japan and Guam. On the 25th, they let an E-3 early warning plane based in Kadena, Okinawa, make a shuttle flight from the east to the west along the Military Demarcation Line for an aerial espionage on targets in the depths of the Northern half of Korea and, at the same time, command flying corps mobilized in an aerial war game. That day the South Korean puppets let fly formations of C-130 transport planes carrying a large number of "commandos" of the puppet army above Seoul area in a frantic nocturnal parachuting exercise for infiltration into the depths of the Northern half of Korea in case of "contingency", inciting war fever. This clearly shows that the U.S. imperialists and the South Korean puppets continue rushing headlong along the road of confrontation and war.

CPRF Comments

SK2801050391 Pyongyang KCNA in English 0441 GMT 28 Jan 91

["North-South Dialogue Faces Grave Crisis Owing to 'Team Spirit 91,' Says CPRF"—KCNA headline]

[Text] Pyongyang January 28 (KCNA)—The Committee for the Peaceful Reunification of the Fatherland [CPRF] in a statement on January 27 says the present situation in Korea is rushing headlong to a dangerous brink of war and North-South dialogue is facing a grave crisis due to the "Team Spirit 91" joint military exercises of the U.S. imperialists and the South Korean puppets.

The statement says:

At present, the anti-communist system is collapsing in South Korea and the South Korean people's anti-U.S., anti-fascist struggle is rising to a higher tide while the North-South dialogue and exchanges are getting brisk and the desire for national reunification is growing stronger as days go by. Terrified by this, the U.S. imperialists and the South Korean puppets seek not only to scuttle the North-South dialogue but also to find the most effective way of blocking the movement for independence, democracy and reunification in establishing "an emergency wartime system" on the pretext of the Gulf war and forcing the "Team Spirit 91" joint military exercises.

Under the present grave situation, we cannot but reexamine whether the present South Korean authorities can be our dialogue partner on peace in the country and its peaceful reunification.

If the South Korean authorities set store by North-South dialogue and have the intention to discuss the reunification question with us, it should discontinue at once the nuclear war game against fellow countrymen with outside forces and immediately stop suppressing pro-reunification democratic forces.

Haminjon Comments

SK2801115191 Pyongyang KCNA in English 1041 GMT 28 Jan 91

[Text] Pyongyang January 28 (KCNA)—We strongly demand that the United States unconditionally stop the "Team Spirit 91" South Korea-U.S. joint military maneuvers and immediately withdraw its troops and nuclear weapons from South Korea in compliance with the Korean people's ardent desire and will for reunification, Radio Voice of National Salvation quoted a statement issued Jan. 26 by the Central Committee of the South Korean National Democratic Front (Hanminjon) as saying.

Noting that the "Team Spirit 91" joint militry maneuvers started by the United States and the No Tae-u group, timed to coincide with the Gulf war, are not merely annual exercises but a provocation fraught with a more serious danger than ever before, the statement continues:

The U.S. imperialists started the war in the Gulf yesterday to seize domination and the oil resources in the Gulf region and are staging today the "Team Spirit 91" called a preliminary nuclear war on the Korean peninsula. This is motivated by the extremely reckless strategy of multiple wars to spread the flames of the Middle East to the Korean peninsula and unleash a second Gulf war.

By launching into the "Team Spirit 91" exercises, ignoring the North's call for peace, the United States and the No Tae-u fascist group proved themselves that the "threat from the North" over which they raise outcries is an utter fiction and clearly revealed their anti-reunification scheme to break up North-South dialogue on purpose and their sinister plot to invade the North which is being framed under the pretext of non-existent "threat from the North".

The criminal "Team Spirit 91" joint military exercises of the United States and the No Tae-u group have created a hair-trigger danger of war on the Korean peninsula and a grave situation in which North-South dialogue may again be brought to a vicious cycle of collapse.

With nothing can the United States and the No group justify this and they must be held entirely responsible before the nation.

It deserves notice above all that the "Team Spirit 91" is timed to coincide with the "local assembly elections" and with the No Tae-u fascist group's all-out repressive offensive against the people to stifle the pro-reunification, pro-democracy forces.

The No group seeks through the "Team Spirit" war exercises to justify its brutal suppression and force the "local assembly elections" in a terror-ridden atmosphere of gun reports and thus build the foothold for a long-term office of the "DLP" one-party dictatorship.

Hanminjon bitterly denounces the "Team Spirit 91" joint military exercises started by the United States and the No Tae-u fascist group, branding them as a hideous anti-peace, anti-dialogue and anti-reunification criminal act.

Today the United States is seeking a reckless "strategy of direct confrontation".

Resorting to a full-scale armed intervention in other countries, misjudging the situation and carried away by a megalomania of strength. But this is a foolish dream.

The statement calls upon the patriotic people of all strata to wage a more undaunted anti-U.S., anti-war, anti-nuke and anti-No Tae-u struggle to frustrate the war racket of the United States and the No fascist group and promote peace and peaceful reunification of the country.

Staging of Exercises 'Unreasonable'

SK2601052591 Pyongyang KCNA in English 0459 GMT 26 Jan 91

["War Gambling and Sword Brandishing Can Never Be Justified"—KCNA headline]

[Text] Pyongyang January 26 (KCNA)—NODONG SINMUN today accuses the South Korean authorities of staging "Team Spirit 91" joint military maneuvers and invoking anti-democratic, anti-reunification laws under unreasonable pretexts.

The news analyst says:

South Korean "Prime Minister" No Chae-pong told the "plenary session of the National Assembly" that the "team spirit" military maneuvers are held because the North stages joint military exercises with someone.

It is outrageous for the South Korean puppets to link their criminal "Team Spirit" joint military exercises with the North. This is no more than a third-rate sophism to conceal the criminal nature of their provocative war game against fellow countrymen in collusion with aggressors.

We have consistently demanded that the South Korean authorities discontinue the "Team Spirit" war games for the sake of a smooth progress of the North-South dialogues and suggested that if that is difficult, they hold military exercises of their own Armed Force without foreign troops, reduce the scale of the exercises and change the name. Nevertheless, they are staging nuclear war exercises against the North together with the U.S. imperialists this year, too. This is a vicious challenge to the North and an unpardonable anti-national crime rejecting peace and peaceful reunification of the country.

Recalling the outburst of the puppet prime minister that "the main skeleton of the 'national security law' should be maintained" unless the North's "strategy toward South" is changed, the news analyst brands this as a shameless, dastardly jargon meant to justify the sword-brandishing against the patriotic forces for reunification and democracy by taking issue with us.

Such reckless, rude act of provoking us from the very beginning on the part of No Chae-pong who should be our dialogue partner makes us wonder if any progress will be made in the solution of the question of peace and reunification, sitting face to face with a man of his kind, the news analyst stresses.

A commentary of MINJU CHOSON says:

The fact that No Chae-pong dared provoke us and cried that the "National Security Law" must be maintained suggests that North-South confrontation and suppression of the forces of reunification and democracy will assume wider proportions in the future.

TASS Cited on Exercise

SK2601152591 Pyongyang KCNA in English 1507 GMT 26 Jan 91

[Text] Moscow January 24 (KCNA)—TASS published an analyst's article on January 24 denouncing the decision of the U.S. imperialists and the South Korean ruling quarters to stage again the "Team Spirit 91" joint military exercises.

The article notes that the present situation on the Korean peninsula is not uncomplicated and the political dialogues between the North and the South are making their way through all obstacles and the North-South confrontation is growing acute.

Noting that the "Team Spirit" war game is staged under the trite pretext of "threat from the North", the analyst says:

The Democratic People's Republic of Korea has set forth a series of proposals to stabilize the situation on the Korean peninsula, rejecting the allegation that it intends to "invade the South".

One of them is to discontinue the annual "Team Spirit" manoeuvres. The DPRK regards this war game as a test nuclear war against the North.

Warning that the aggravation of the situation might gravely affect the North-South dialogues, he says:

The proposal of the DPRK for the adoption of a nonaggression declaration between the North and South now stands out with particular urgency. It will accelerate the discontinuation of the arms race and the fall of the confrontation level on the Korean peninsula.

Continued Coverage of Japanese Delegation Visit

Group Urges Early Relations

SK2901065391 Pyongyang KCNA in English 0430 GMT 29 Jan 91

[Text] Tokyo January 27 (KNS-KCNA)—Members of the Japan-Korea Cultural Interchange Association on Jan. 24 requested the foreign minister of Japan to take a sincere attitude in the intergovernmental negotiation for the normalization of DPRK-Japan diplomatic relations beginning Jan. 30 and establish the diplomatic relations as soon as possible.

The request signed by General Director Rosho Hayashi and other figures urged the Japanese Government to sincerely hold negotiation with respect to the spirit of the joint declaration of the Workers' Party of Korea, the Liberal Democratic Party and the Japan Socialist Party, normalize diplomatic relations between Japan and the DPRK as soon as possible, apologise and compensate for the past colonial rule and the damages and sufferings inflicted on the Korean people so far and promote friendship between the Japanese and Korean peoples.

The members of the association visited the Foreign Ministry of Japan. Noting that diverse nongovernmental exchanges have taken place between Japan and the DPRK and many successes have been registered in this course, they stressed that if the government actively backed them, the exchanges between Japan and the DPRK would radically expand.

The director of the Asia department of the Foreign Ministry told them that the trend toward improvement of Japan-DPRK relations was irresistible and that Japan would sincerely promote intergovernmental negotiation for it.

Japan Reviews First Day of Talks

OW3101081691 Tokyo NHK General Television Network in Japanese 0300 GMT 31 Jan 91

[Text] The second-day session of the Japanese-North Korean talks on the normalization of diplomatic relations is in progress in Pyongyang today. Opinions are being exchanged on such specific issues as the improvement of legal status of North Korean residents of Japan.

[Pyongyang correspondent Joichi Nishihara] At yesterday's session, a great disparity was noticed between Japan and North Korea on such basic issues as post-war compensation. It is most likely, however, that the second day of talks would be focused on how far the two countries would move toward meeting each other on various issues pending between Japan and the DPRK.

Details of the talks have not been disclosed yet; however, with regard to North Korea's strong demand for improving the legal status of North Korean residents of Japan, the Japanese side intends to inform the other side that on the basis of the agreement reached between Japan and the ROK at recent summit talks on abolishing ROK residents' obligations regarding fingerprinting within two years, Japan is ready to study the possibility of applying the same decision to North Korean residents of Japan.

Moreover, with regard to the issue of the so-called Japanese housewives who have stayed in North Korea but who have not visited their hometowns for a long time, the Japanese side also plans, from the humanitarian standpoint, to call on North Korea to give favorable consideration to their requests for visiting their hometowns or exchanging letters with family members in Japan.

At the same time, the Japanese side is expected to once again demand that North Korea accept inspections of their nuclear-related facilities.

Meanwhile, North Korea is believed to be forcing on Japan its demands concerning the post-war compensations.

For its part, the Japanese Government intends to work out their viewpoints at today's meeting so as to pave the way for next round of bilateral talks scheduled in Tokyo for coming March.

Delegation Visits Mangyondae

SK3101160491 Pyongyang KCNA in English 1528 GMT 31 Jan 91

[Text] Pyongyang January 31 (KCNA)—The Japanese Government delegation led by Noboru Nakahira, specially appointed ambassador at vice-ministerial level of the Foreign Ministry, which had attended the first intergovernmental full-dress talks for normalization of DPRK-Japan diplomatic relations, visited Mangyongdae this afternoon.

The guests went to the old house of the great leader President Kim Il-song. Being briefed on his revolutionary family and immortal revolutionary history, they saw with keen interest the momentoes carefully preserved in the house.

They had a picture taken in front of the old home.

The delegation visited the Mangyongdae School Children's Palace and appreciated a performance given by art circle members of the palace in the theatre of the palace.

The delegation also visited the Grand People's Study House.

Delegate Hosts Pyongyang Reception

SK3101160791 Pyongyang KCNA in English
1530 GMT 31 Jan 91

[Text] Pyongyang January 31 (KCNA)—The Japanese Government delegation to the first intergovernmental full-dress talks for the normalization of the DPRK-Japan diplomatic relations gave a reception for its Korean counterpart at the Pyongyang Koryo Hotel this evening.

Invited there were the members of the DPRK Government delegation headed by Vice-Minister of Foreign Affairs Chon In-chol and other officials concerned.

The members of the Japanese Government delegation led by Noboru Nakahira, specially appointed ambassador at vice-ministerial level of the Foreign Ministry, were present.

Words of greetings were exchanged.

Head of the delegation Noboru Nakahira said that the first inter-governmental full-dress talks for normalization of DPRK-Japan diplomatic relations held in Pyongyang were significant talks at which the two sides fully expressed their basic stands and exchanged their views. We took this opportunity to make acquaintances with each other and renew the relations of trust, he added.

He expressed the hope that the success of the talks would be linked to future talks.

He continued: During our stay, we met with officials concerned of your government and visited monumental edifices and many places in Pyongyang as beautiful as a garden. This will greatly help toward understanding the DPRK and promoting the future talks.

Chon In-chol said: We are pleased that official inter-governmental talks between the two countries were held successfully on the principle of complete equality and mutual respect for the first time in the history of Korea-Japan relations spanning more than a century.

Referring to the significance of the first inter-governmental full-dress talks for normalization of DPRK-Japan diplomatic relations, he said that the talks took the first step toward the improvement of the relations between the two countries.

The talks proceeded in an atmosphere of mutual understanding and friendship, he said, adding: this is a precious result for us.

He expressed the hope that a greater progress would be made at the forthcoming Tokyo talks on the basis of the success of the Pyongyang talks.

The reception took place in a friendly atmosphere.

Delegation Leaves Pyongyang 1 Feb

SK0102052791 Pyongyang KCNA in English
0511 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—The Japanese Government delegation headed by Noboru Nakahira, specially appointed ambassador at vice-ministerial level of the Foreign Ministry, left here this afternoon after participating in the first intergovernmental full-dress talks for the normalization of DPRK-Japan diplomatic relations.

It was farewelled at the airport by head of the DPRK Government delegation Chon In-chol, vice-minister of foreign affairs.

The Japanese guests visited the Mansudae Art Studio and Pyongyang metro in the morning.

Coverage of Yon Hyong-muk Visit to Thailand

Premier Meets With Chatchai

SK0102054391 Pyongyang KCNA in English
0513 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—Talks were held in Bangkok on January 30 between Yon Hyong-muk, premier of the Administration Council of the Democratic People's Republic of Korea, and Chatchai Chunhawan, prime minister of the Kingdom of Thailand.

Discussed at the talks were matters of further expanding and developing the friendly and cooperative relations between the two countries and other matters of common concern.

Prior to the talks, the premier of the Administration Council handed a personal letter and a gift of the great leader President Kim Il-song to Prime Minister Chatchai Chunhawan. The prime minister expressed deep thanks for this and asked the premier to convey his gift to President Kim Il-song.

The prime minister sincerely wished President Kim Il-song good health and a long life.

Premier Meets With Thai King

SK0102112591 Pyongyang KCNA in English
1103 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—Thai King Phomiphon Adunyadet on Jan. 31 met with Premier of the Administration Council of the DPRK Yon Hyong-muk on a visit to Thailand.

Yon Hyong-muk conveyed greetings of President Kim Il-song and Comrade Kim Chong-il to King Phomiphon Adynyadet.

The Thai king expressed deep thanks for this and asked the premier to convey his warm greetings to President Kim Il-song and Comrade Kim Chong-il.

Noting that Korea was historically one unified state, the king said the Thai Royal Government would join the DPRK in the efforts to remove the obstacles lying in the way of the reunification of Korea and develop cooperative relations in many fields.

He was pleased that respected His Excellency President Kim Il-song was providing the people with a stable and happy life, the king said, highly praising it.

Thailand and Korea should develop the bilateral relations in their mutual interests and cope with the changed situation of the world, he noted, and expressed the belief that the relations between the two countries would expand and develop as wished by respected His Excellency President Kim Il-song.

The talk proceeded in a friendly atmosphere.

Thai Premier Hosts Reception

SK0102103891 Pyongyang KCNA in English 1003 GMT 1 Feb 91

[Text] Pyongyang February 1 (KCNA)—Chatchai Chunhawan, prime minister of the Kingdom of Thailand, hosted a reception for Yon Hyong-muk, premier of the Administration Council of the DPRK, on January 30. Prime Minister Chatchai Chunhawan and Premier Yon Hyong-muk made speeches at the reception.

Noting that the relations between Thailand and Korea have developed favourably in the past, Chatchai Chunhawan in his speech said that in particular, there has been a regular exchange of delegations of the governments and parliaments and other levels of the two countries, with the result that the friendship between the two countries has been further deepened.

He said:

An agreement was reached on setting up the DPRK Embassy in the Kingdom of Thailand. I am convinced that this will be conducive to boosting the relations between the two countries, particularly, economic, trade, investment and social and cultural relations.

Noting that it is the desire of the Korean brothers and sisters to live in peace and bring lasting peace to the Korean peninsula, he stressed that to realize peace and stability in Southeast Asia and on the Korean peninsula will greatly help improve cooperation for economic development in Asia and the Pacific as a whole.

In his speech Yon Hyong-muk sincerely wished the Thai people greater stride forward in their efforts to consolidate the political stability of the country, guarantee continued growth of economy and successfully carry out the 6th five-year plan.

He highly estimated and supported the Thai Government which is maintaining close political and economic relations with different countries and actively striving to turn the Southeast Asian region into a free, peace, neutral zone, holding fast to the principle of equity in external relations.

The present situation demands that the Asian people unite and closely cooperate with each other on the principle of independence, equality and mutual benefits for the security in Asia and peace in the world, he noted, and stressed: I am sure that if Korea and Thailand maintain close bonds of friendship and cooperation and develop economic and trade relations in the idea of independence, peace and friendship, they can achieve common prosperity and progress and greatly contribute to the cause of peace in Asia.

South Korea

Cabinet Approves Dispatch of Aircraft to Gulf

Five C-130's Allotted

SK0102082791 Seoul YONHAP in English 0808 GMT 1 Feb 91

[Text] Seoul, Feb. 1 (YONHAP)—South Korea's cabinet approved Friday a plan to dispatch an Air Force transport team of five C-130 Hercules planes and personnel to the Gulf.

The motion will be submitted to the National Assembly on Friday or Saturday, immediately after it is signed by President No Tae-u.

The planes will be sent to the Gulf as soon as possible after the Assembly gives its ok, which is virtually assured, and after a 13-man advance team is dispatched Tuesday, a senior government official said.

"Al Rayyan [place as received] in Yemen, where the U.S. air defense logistic transport unit is stationed, was examined by the Korean and U.S. Governments as the base for the Korean transport team on the basis of safety, lodging and maintenance facilities," he said.

The team comprises 80-150 non-combat operation, intelligence, weather-forecasting, maintenance and communications personnel as well as pilots and navigators, and will be rotated every six months if the war lasts that long.

The government will pay the costs of the deployment, which would be 29.8 billion won for a year, from its reserve account, the official said.

Dispatch of Planes Examined

SK0102021791 Seoul THE KOREA TIMES in English 1 Feb 91 p 2

[By staff reporter Pak Mu-chong]

[Text] Korea has become the 29th member of the U.S.-led multinational force with its decision to send five C-130 military transport planes to the Gulf.

The dispatch of the aircraft and about 150 support personnel to maintain the aircraft is viewed as moving Korea one step closer to actual involvement in the Gulf war.

The Defense Ministry explained that the C-130 Hercules will be stationed in the rear of the war theater and the support personnel are non-combat troops.

But, suspicions abound that the sending of the military planes may lead to the dispatch of combat forces as in the case of the Vietnam war.

Announcing the plan, along with an additional aid program worth $280 million, the Foreign Ministry said that details on how the C-130s would be used will be discussed between the Defense Ministry and the Eighth U.S. Army in Korea.

This leaves open the possibility the planes may be used to transport airborne troops to drop zones in battle areas depending upon the results of the discussion between the two sides.

The government decided on the sending of the planes and the extra $280 million in aid "voluntarily without any request from the U.S. Administration."

What prompted the government to do so, according to government officials, is Korea's "debt to the United States and other allies during the 1950-53 Korean war" and an "intention to assume due responsibility commensurate with its capability as a responsible member of the international community."

The government has also taken into consideration the "prospects for participation in postwar rehabilitation projects in the Gulf region."

But, what made the government come up with the hasty decision is not the postwar fruits but the influence of the United States, even if it was not expressed in a request.

It is to be recalled what American Ambassador to Korea Donald Gregg said on the eve of the announcement of the voluntary additional support program.

In an interview with YONHAP News Agency, the U.S. envoy said: "We have not asked Korea yet for any additional support. There may well be another request. But I would hope that Korea would feel that by whatever contribution it makes that it is acting in its own interests as a friend of the United States and as a strong member of the association of free nations."

The Gulf war has only reconfirmed that the United States is still exercising a great influence on Korea, although the cold war structure has collapsed and Korea normalized ties with the Soviet Union as a result of its ambitious "northern policy."

The government is to blame, even if the decision was "inevitable" and would "benefit the nation," for not taking into consideration public opinion before making its decision.

The hasty decision also worries the opposition Party for Peace and Democracy.

'Stepping Stone' to Combat Troops

SK0102133791 Seoul HANGYORE SINMUN in Korean 31 Jan 91 p 3

[Article by reporter Yi Pyong-hyo: "'Stepping Stone' to the Dispatch of Combat Troops—Background of the Government's Decision on Additional Assistance for the Gulf War"]

[Text] The ROK Government decided to send five military transport planes, which are combat equipment, for the Gulf war on 30 January. Some people point out that the dispatch of the military transport planes may be a stepping stone from the dispatch of a medical team, a noncombat unit, to that of a combat unit.

U.S. Ambassador to the ROK Donald Gregg said on 29 January: "The U.S. side has not asked the ROK to dispatch a combat unit, and it is a matter which the ROK will decide by itself." The next day, the government decided to send an air force transportation unit as if it were responding to Gregg's significant statement. This is very noteworthy.

An air force transportation unit is not a combat unit but a support unit. Military transport planes, however, not only transport troops and equipment in the rear but also may be sent to battlefields or mobilized to drop airborne troops behind the enemy lines. Therefore, military experts say that they must be considered as combat equipment.

In this respect, the National Assembly appears to become entangled in controversies when it passes a bill to authorize the dispatch of the air force transportation unit, unlike the bill to authorize the dispatch of the medical team. Even if the opposition parties oppose it, however, the bill will pass the National Assembly because the ruling party has a majority. As a result, the air force transportation unit will surely be sent before mid-February.

If ground warfare between the multinational troops and the Iraqi troops, which it has been learned will start in the not too distant future, lasts more than a month, then airborne troops, troops of a chemical unit, or other ROK combat troops will most likely be dispatched.

In announcing the ROK's decision to send the air force unit on 30 January, National Defense Minister Yi Chong-ku said that "when the Gulf war is over, the world order will be reestablished centering around the United States," and that "the government has decided to assist the multinational forces led by the United States not to be excluded from this trend."

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Minister Yi also said that "the military medical team is not enough for our country to be internationally recognized as a member of the multinational forces." In this way, he clearly expressed his intention to join the multinational forces since we will send the military transportation unit.

Minister Yi also said that the government decided to send the air force transportation unit because the ROK's war capability will suffer if combat troops are sent, because the military transport planes can be used in transporting replacements for the medical team and ROK residents living there, and because civilian planes require high insurance payments and cannot fly over military operational areas.

As soon as the bill to authorize the dispatch of the military transportation unit passes, the government is planning to have a discussion with the United States to station the unit at bases located outside the range of Iraqi Scud missiles where the U.S. forces are currently operating C-130 transports.

Minister Yi said that the ROK will become a member of the multinational forces when it sends the air force transportation unit. The focus of attention is whether the transportation unit will be able to maintain its own command system even while cooperating with the U.S. forces in conducting military operations.

The military medical team is operating in cooperation with Saudi Arabia. It is pointed out that, if the air force transportation unit is under the direct operational control of the U.S. forces, this unit will find itself in more pitiful circumstances than the ROK troops were in during the Vietnam war.

The government also said that day that it would give $280 million in additional assistance and would pay a large share of this amount by supplying battle helmets, military boots, gas masks, and other military materials that the ROK military has. It is said that the government will present a list of military supplies to the United States and that the United States will select necessary items from the list.

Meantime, the government has decided to send a total of $500 million in Gulf assistance after serious deliberations. We think that the amount of assistance was set at $500 million because of two contradictory reasons. The first is the government must minimize an adverse effect on the domestic economy by the economic assistance; the latter is that it must, at the same time, "show sincerity" to the utmost to meet the U.S. request.

Moreover, the government's recent decision that it would give $3 billion in economic assistance to the Soviet Union appears to have affected the decision on its assistance to the Gulf war.

The United States has asked its allies to pay for its war expenditures under the excuse of defending an international order and peace. Some people say that this is "like the Mafia exploiting 'protection money' from merchants in the name of maintaining peace on the streets." Under these circumstances, it is doubtful to what extend the people will tolerate the expenditures for the Gulf war, which will be paid by taxes.

We cannot reject the possibility that the people's anti-U.S. sentiment will again grow, contrary to the government's will to further promote ROK-U.S. relations seizing the Gulf war.

No Tae-u Receives Credentials of New Envoys

SK0102034291 Seoul THE KOREA HERALD in English 1 Feb 91 p 2

[Text] President No Tae-u yesterday received credentials from four new foreign ambassadors to Korea, including Turhan Firat of Turkey, in a ceremony at Chongwadae [presidential residence] yesterday.

The others are Tin Winn of Myanmar [Burma], Zolia Violeta Martinez de Medina of the Dominican Republic, and Muhammad Ghalib of Yemen.

Foreigners With Forged Passports Denied Entry

SK0102094391 Seoul YONHAP in English 0908 GMT 1 Feb 91

[Text] Seoul, Feb. 1 (YONHAP)—Ten foreigners have been denied entry by South Korean immigration officials since the Gulf war began, airport sources said Friday.

They all appeared to be from the Middle East and were carrying forged passports when stopped at Seoul's Kimpo International Airport.

Efforts to match them with a list of terrorists provided by Interpol, the international criminal police organization, were unsuccessful, the sources said.

Interpol gave Korean National Police headquarters a list of 8,224 people, including 5,000 suspected terrorists from the Middle East and Japan's Red Army, after the war broke out.

The Justice Ministry has ordered stronger immigration controls at air and sea ports to keep terrorists out of the country, and the police were told to keep close watch on foreigners whose purposes of stay are unclear.

Security at foreign facilities here, including the U.S. Embassy and embassies of mideastern countries, was beefed up substantially to protect them from attack.

A police spokesman said police are thoroughly prepared against terrorism, though it is believed that there is no one from Interpol's black list in the country.

U.S. forces imposed a curfew from 6 P.M. to 6 A.M. on all U.S. soldiers and dependents Jan. 26. About 43,000 U.S. servicemen are stationed in Korea under a mutual defense treaty.

*Gallup Poll Shows Support for DLP Lowest Ever

WA2801020091 Seoul CHOSON ILBO in Korean 12 Jan 91 p 1

[Text] According to a recent poll conducted jointly by CHOSON ILBO and Korea Survey Gallup Polls, 54.2 percent of those polled feel that No Tae-u "is not doing a good job" as president, and only 16.8 percent support the Democratic Liberal Party [DLP]. These figures are the lowest since CHOSON ILBO began reading the political barometer two years ago. Public support for the DLP is much lower than the 34.9 percent received by the Democratic Justice Party before its merger. The Party for Peace and Democracy [PPD], with 18.5 percent, has surpassed the DLP, while the Democratic Party scored 11.2 percent and the Party of the Masses [Minjung] 2.6 percent. Some 38.2 percent of those questioned indicated "I do not support any party," compared with 36.2 percent who responded the same way in September 1990. This indicates that public dissatisfaction with the existing parties continues to grow. The decrease in public support for the DLP is an 18.1-point drop from the 34.9 percent registered in the February 1990 survey, and a decline of 4.7 points from September. There has been no appreciable change in the PPD's rating.

The response "I do not support any party" came largely from those people in their 40's (41.3 percent), and was prevalent among university graduates or those with higher educational backgrounds (43.9 percent). Geographically, North Kyongsang Province held this opinion most strongly (49.4 percent); in Chungchong and Kyonggi Provinces, 45.9 percent and 43.9 percent respectively expressed this view.

An analysis of the polling results shows that among those who rated President No negatively, 33.3 percent cited inflation as the reason. Some 18.9 percent were critical of No because of the high crime rate, and 9.4 percent were critical of his indecisiveness. Negative views of President No were greater among younger people (66.3 percent among those in their 20's; 56.8 percent among those in their 30's; 51.3 percent among those in their 40's; 36.1 percent among those 50 or older), and among the educated (36.7 percent for elementary school graduates; 40.7 percent for middle school graduates; 61.3 percent for high school graduates; and 70.8 percent for university graduates or higher). Geographically, the percentage of negative opinions was highest in the Cholla Provinces with 67.2 percent, followed by 59.8 percent in Seoul, 52.9 percent in South Kyongsang Province, 52.8 percent in North Kyongsang Province, and 50.5 percent in Kyonggi Province.

The greatest percentage of those who rated No negatively said that the most urgent problem is inflation (34.1 percent). The following were also cited as the highest national concerns: crime (27.7 percent), political stability (12.9 percent), unification (12.8 percent), agriculture and fisheries (11.1 percent), housing (10.6 percent), the disparity between rich and poor (8.3 percent), and transportation (6.2 percent). These figures have not changed substantially from the data obtained last fall.

The poll, based on a stratified (three-layer) random sample of the adult (age 20 and over) population, was conducted throughout the nation except Chejudo. Seven hundred thirty-five men and 765 women 20 years of age or older were interviewed. The sample contained 520 people in their 20's, 359 in their 30's, 267 in their 40's, and 354 who were 50 or older. Among those polled, 399 were elementary school graduates or below; 249 middle school graduates; 557 high school graduates; and 395 college students or college graduates. In terms of residency, 385 were from Seoul; 258 from Kyonggi, 61 from Kangwon, 148 from Chungchong, 193 from the Cholla provinces, 187 from North Kyongsang, and 268 in South Kyongsang. The poll was carried out through visits by interviewers during the four-day period from 22-25 December 1990. The margin of error in the survey is plus or minus 2.5, giving a reliability index of 95 percent.

Economic Planning Board Sets Policies for 1991

SK2501021191 Seoul YONHAP in English 0130 GMT 25 Jan 91

[Text] Seoul, Jan. 25 (YONHAP)—South Korea will seek to improve the conditions of trade with China through its trade representative in Beijing, which is to open later this month, the Economic Planning Board (EPB) said Friday.

Korea will also strive for better economic cooperation with North Korea by trying to persuade Pyongyang to establish a joint cooperation committee, EPB said in a written report to President No Tae-u on policies for 1991.

EPB will ease restrictive regulations on industry and crack down on unfair trade practices and price hikes, it said.

Increased commerce and joint ventures are aimed with the Soviet Union and East-bloc countries, the report said.

Seoul has not yet established diplomatic ties with Beijing, but will seek to get China to abolish its discriminatory tariff system against foreign firms and conclude pacts for most-favored nation status and investment guarantees through its trade office there.

Seoul will push for a joint economic cooperation committee with Pyongyang headed by vice prime minister-level officials from each side, the report said.

The campaign against real estate speculation will be enhanced, overheated construction restrained and building of lodging and entertainment facilities limited, it said.

Keeping government spending within revenue is the key to next year's budget and the 7th five-year socioeconomic plan, beginning in 1992, will focus on allocation to infrastructure.

EPB is also to draw up an improved financial distribution plan timed with local elections, according to the report.

January Consumer Price Hikes Highest Since 1981

SK0102012491 Seoul THE KOREA TIMES in English 1 Feb 91 p 9

[Text] Red-light danger signals have started flashing over the outset of the year with the report that consumer prices jumped 2.1 percent in January, the highest monthly rise since June, 1981.

Although seasonal factors have to be taken into consideration, the one-month rate is critical, putting the nation in the grip of the horror of high inflation.

If the current trend continues, the 8-9 percent rate projected by the government for the whole of this year will be overrun.

In a sense, the steep price rises came as no surprise to consumers in that they have already felt two-digit inflation rate on markets although the government claimed that inflation rate was contained within single digits.

Besides the January figure, people are worried about a series of inflationary factors such as bus fare and other private service hikes,the financial burden from the Gulf war and election of provincial councils.

An official of the Economic Planning Board advised the government held anti-inflation meetings on 14 occasions in January.

This means, however, that the government has few tools to hold down price rises.

Prices of farm, livestock and marine products had been forecast to rise due to poor harvests and distribution system. But the government's actions were untimely and indecisive.

From this view point, the price spiral has been deemed "natural."

In private services, public baths and lodging businesses raised their charges on Jan. 1, riding on the liberalization measures announced in September last year. They raised them 35.9 percent and 27.7 percent, respectively, saying that no charge hikes had been allowed for several years.

Railway and subway charge hikes conducted late last year also ignited the charge hike spree.

Various bus fares including those for city buses are expected to rise 20 percent at least this month or next.

Bus operating firms had threatened that they would be forced into raising fares on Feb. 1 by themselves even if the government did not approve. The government fully understood the need for hikes but hesitated to approve in fear of high consumer price rises in January.

Deputy Premier-Economic Planning Minister Yi Sung-yun told reporters Wednesday, "last year, the government promised to allow a fare hike during the first half of this year. The government plans to allow it around the lunar New Year holiday Feb. 15. But prices have been too volatile from the outset of the year."

The bus fare hike will be followed by schooling fees, textbook costs, coastal passenger fares, medical insurance charges and taxi fares.

The 28 percent hike for gasoline and kerosene and other oil derivative price rises have already started to affect manufacturing industry and daily life.

The government is also considering price hikes for diesel oil, bunker C oil and liquified petroleum gas if crude oil prices rise to more than $25 a barrel.

They will immediately push up costs in manufacturing. But it is fortunate that crude oil prices remain lower than before the Gulf war.

The high inflation rate is also expected to trigger wages, as the government will be unable to persuade workers to accept single-digit figure increases.

The government increased the budget by 18.9 percent this year, salaries for public servants 12.7 percent and lawmakers' pay has risen 23 percent.

In this context, it is really hard for the government to persuade other workers to refrain from demanding double-digit wage hikes.

High wage hikes will naturally be translated into additional costs in services and manufacturing.

This will deal a blow to sagging exports. A vicious cycle will be inevitable.

The country also experienced high inflation in the early 1980s due to the oil crisis but now the situation is different. The high inflation rate has been caused by domestic factors rather than external ingredients such as oil prices rise.

After the oil shock, the government pulled out the steps and held down the rate below ten percent. To cut the vicious cycle, the government has again to put priority on stabilization of prices, in economist said.

Total Money Supply Increased 21.3 Percent in 1990

SK2401045991 Seoul THE KOREA ECONOMIC JOURNAL in English 24 Jan 91 p 5

[Text] The Bank of Korea reported that the total money supply (M2, the sum of cash of circulation and bank demand and time deposits) rose 21.3 percent to 61,577.4 billion won on an average daily balance basis last year.

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The growth pace, the fastest for the past eight years, is compared with the target of 15 to 19 percent set for the year.

In the year, M2 grew 23.5 percent in the first quarter, 22.4 percent in the second quarter, 20.1 percent in the third quarter and 19.3 percent in the final quarter. In December, it slowed to its lowest monthly pace in the year at 18.1 percent, or 3,055.1 billion won, to 67,182.5 billion won on an average daily balance basis.

The central bank said it would restrain growth in M2 in January to 17 to 19 percent on a year-to-year basis, or 3 trillion won for the month.

Monetary control bonds maturing during the month amount to 1,560 billion won. These bonds will be rolled over by having investors reinvest in equivalent new bonds to be issued during the month, the bank said.

Current Account Deficit Reaches $1.8 Billion

SK0102032991 Seoul YONHAP in English 0302 GMT 1 Feb 91

[Text] Seoul, Feb. 1 (YONHAP)—South Korea piled up a current account deficit of 1.8 billion U.S. dollars last year, 100 million dollars more than projected, the Bank of Korea reported to the National Assembly Friday.

The net growth rate of the gross national product was almost 9 percent and the jobless rate 2.4 percent, it said.

Unless the Gulf war drags on, this year's economic growth rate will be 7.3 percent and the current account deficit will increase to 2.5 billion to 3 billion dollars, it said.

Increased 'Infrastructure Investment' Recommended

SK2401100791 Seoul YONHAP in English 0657 GMT 24 Jan 91

[Text] Seoul, Jan. 24 (YONHAP)—The recent attention given to improving South Korea's infrastructure contrasts with years of shortcomings bordering on negligence in investment allocation, a report by the Bank of Korea (BOK) said Thursday.

The BOK report on economic growth and capital stock uses government statistics between 1977 and 1987 to compare and measure the accumulated worth of Korea's infrastructure.

Korea needs to increase infrastructure investment 27.6 percent a year and raise spending to renovate manufacturing facilities 10.7 percent a year to take maximum advantage of its economic growth potential and maintain output levels.

The total capital stock grew fourfold to 70.2 trillion won (98.2 billion U.S. dollars) between 1977 and 1987, but its share declined to 22 percent of the net worth of Korean industry in 1987 from 24 percent in 1977, the report said.

Transportation facilities such as roads and ports increased in value an average 11.9 percent a year to 3.1 times their capital stock but slipped to 38 percent of infrastructure capital stock from 49 percent in 1977.

The report also said Korea lags behind Japan in infrastructure growth.

Infrastructure capital stock had diminished to 65 percent of private manufacturing capital stock in 1987, doing worse than 10 years before when the value was 80 percent.

In Japan, infrastructure capital stock outgrew the private manufacturing sector by 123 percent in 1980, the report said.

Facility renovation also lags in Korea, where the average industrial capital was over 9.2 years in 1987, up from 8.2 years in 1977.

Machinery tools in 1987 were almost twice as old, averaging 7.2 years compared to 4.7 years in 1977. By industry, the manufacturing sector proved to be the most outdated with average facility growing to 8.9 years from 5.6 years.

In Japan, where industrial facilities are apparently being rapidly replaced, average age in 1981 decreased to 7.8 years from 8.1 years in 1970, the report said.

The Korean Government, trying to turn about the loss of industrial competitiveness and revitalize the domestic manufacturing industry, announced infrastructure development as one of the key aims for this year's economic management.

The administration said it was setting aside 3.5 trillion won (4.9 billion dollars), 1 trillion won more than originally planned, for the purpose.

Government To Lift Import Restrictions on Goods

SK2501041691 Seoul YONHAP in English 0219 GMT 25 Jan 91

[Text] Seoul, Jan. 25 (YONHAP)—The government will announce in March 200 agricultural and marine products on which import restrictions will be lifted between 1992 and 1994, the Agriculture, Forestry and Fisheries Ministry said Friday.

In a report on major policy goals for 1991 submitted to President No Tae-u, the ministry said the measure was required by the Balance of Payment (BOP) Committee of the General Agreement on Tariffs and Trade (GATT) in 1989. BOP-GATT ruled that Korea could not restrict agricultural imports by reason of its trade deficit.

The ministry will seek close inter-ministerial cooperation and strengthened trade diplomacy with a view to successfully winding up the Uruguay Round global trade talks, the report said.

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The ministry will streamline quarantine procedures for farm goods, and will support flower and fruit growers and stockmen so they are competitive in the international market.

It will give livestock farmers 77 billion won (107.6 million U.S. dollars) to buy waste disposal systems and machinery, and pay for 330 farmers to have overseas training. The ministry will also provide technical training for 30,000 poor farmers who want to change their occupations.

Another 37.9 billion won (53 million dollars) will be spent to improve farm houses and roads, the report said.

Prosecutors Investigate Trade Committee Members

SK2301072191 Seoul YONHAP in English 0639 GMT 23 Jan 91

[Text] Seoul, Jan. 23 (YONHAP)—Business groups have given over 400,000 U.S. dollars to members of the National Assembly Trade-Industry Committee since April 1989, the Seoul District Prosecutor's Office said Wednesday.

Much of the cash gift went on overseas trips, prosecutors said.

Three committee members are under investigation for taking an all expenses-paid trip to North America and prosecutors questioned seven officials of the sponsors, the Korea Automobile Manufacturers Association [KAMA] and the Korea Foreign Trade Association [KFTA], Tuesday through Wednesday morning about whether the lawmakers solicited the money.

The seven included KAMA President Chun Song-won and Vice President Yim To-chong, and KFTA Vice President No Chin-sik.

The lawmakers are Yi Chae-kun, chairman of the Trade and Industry Committee, and Yi Ton-man and Pak Chin-ku. The two Yi's are members of the Party for Peace and Democracy and Pak is a member of the ruling Democratic Liberal Party.

The three are likely to be summoned for questioning this weekend, prosecution sources said.

The two business groups together paid 400,000 dollars to the 25 committee members for four overseas trips between April 1989 and the end of last year, including 139,000 dollars for a 10-day trip from April 18, 1989, and 112,000 dollars for another trip on April 28-May 4 the same year, the sources said.

The prosecution declined to say if groups other than KFTA and KAMA were involved.

Investigators are trying to figure out if the money was a bribe.

Customs officials at Kimpo International Airport and the bank clerks who changed the money from Korean won into U.S. dollars are also under investigation.

The prosecution has expanded its investigation to other assembly committees on the assumption that similar favors may have affected legislative activities.

Officials at the Auto Parts Institute [API], a government-invested research group, have been questioned about reports that API paid off members of the Trade and Industry Committee.

API was allotted 2 billion won in the 1991 budget.

Southeast Asian Nations Lead in Joint Ventures

SK2401041691 Seoul YONHAP in English 0240 GMT 24 Jan 91

[Text] Seoul, Jan. 24 (YONHAP)—A declining percentage of the partners in South Korean joint ventures are from the United States, Japan and Europe, falling from 55.4 percent in 1989 to 29.8 percent in 1990, the Korea Stock Exchange said Thursday.

Of 47 joint ventures listed last year, eight or 17 percent were with U.S. companies and three each, or 6.4 percent, with Japanese and European companies.

Joint ventures with Southeast Asian firms accounted for 48.9 percent or 23 of the listings, and partnerships with businesses in the Soviet Union, China and other communist countries took 14.9 percent with seven.

In 1989, Southeast Asian partners accounted for 33.8 percent and those from communist countries 10.8 percent.

Last year's 47 joint ventures totaled 124.6 billion won (175.5 million U.S. dollars), down from 74 and 142.5 billion won (200.7 million dollars) in 1989, the report said.

Trade Talks With U.S. on Communications Set

SK0102101991 Seoul YONHAP in English 0937 GMT 1 Feb 91

[Text] Seoul, Feb. 1 (YONHAP)—Korea-U.S. communications talks will be held in Hawaii Feb. 4-5 to discuss the date and range of Korea's market opening, focusing on value-added network (VAN), the Communications Ministry said Friday.

Yi In-pyo, director-general of the telecommunications market policy study group, will head a 9-man Korean delegation and U.S. Trade Representative Carla Hills will lead the 5-member U.S. side.

On the agenda are telecommunications services, communications equipment and government procurement.

In February last year, the two sides agreed to talk about the communications services sector in the Uruguay

Round negotiations and Korea accepted nearly every offer the United States made in communications equipment and government procurement fields but asked for a one-year extension of the negotiation period.

"But it was agreed on condition that the Uruguay Round would be wrapped up by the end of 1990. Now that the negotiations have been extended, it is necessary to include the item on the agenda this time," the Ministry said.

It will be the first bilateral negotiation in the communications service sector. On Jan. 15, Korea submitted to the General Agreement on Tariffs and Trade [GATT] an offer which deals with finance sector as well.

Korea's offer was to liberalize international database and data process service from July as agreed last year, and to eliminate foreign equity restrictions for value-added network services from 1994.

Depending on the results of the talks, the United States is likely to either retaliate against Korea as an unfair trader under section 301 of the U.S. Omnibus Trade Act, or extend the negotiation period for one more year.

In 1989, America designated Korea as a priority foreign country [PFC] in the communications sector under its trade act. The negotiation deadline is Feb. 23.

America has talks with a PFC twice a year, and depending on the results, they may extend the negotiation period for a year two times or relieve PFC status or retaliate.

Korean officials anticipate the negotiation period will be extended for a year in the up-coming negotiations.

The Korea-U.S. talks were rescheduled from Jan. 29 in Geneva because of possible terrorist attacks on U.S. officials.

Telephone Links With Soviet Union To Increase

SK0102020491 Seoul THE KOREA TIMES in English 1 Feb 91 p 3

[Text] Korea will step up telecommunications services with the Soviet Union, China and Poland by introducing international express mail and electronic mail services, the Communications Ministry said yesterday.

In a written report to President No Tae-u, the ministry said that direct telephone links with the Soviet Union will be increased from the current 4 to 12 to meet the increasing demand for phone services between the two countries.

The domestically developed digital switching system, TDX, capable of handling 6,150 phone lines will be exported to the Philippines for the first time since it was developed, it said.

The nation's advanced telecommunications know-how and personnel will also be offered to developing countries such as Burma, Iran and Indonesia, the ministry said.

In connection with an international bidding for the nation's first communications satellite Koreasat to be launched in April 1995, the ministry said that the United States, Britain, France, Germany, the Soviet Union and China are likely to apply when the notification for the bidding is made public.

A task force in charge of supervising the satellite project will consist of personnel from the Korea Telecom and the Electronics and Telecommunications Research Institute and should be set up within this month, the ministry said.

The ministry plans to lay about 1,007 kilometers of fiber optic cables on the nation's major communications routes to upgrade communications services.

A trial community antenna television (CATV) broadcasting will be launched for 10,000 households in Mok-tong and Sanggye-tong for one year from July, the ministry said.

To improve domestic phone services, the ministry will add 2.68 million telephone lines while augmenting 217,000 car phones this year.

Philippines To Receive $5.4 Million Loan

SK2401062591 Seoul YONHAP in English 0514 GMT 24 Jan 91

[Text] Seoul, Jan. 24 (YONHAP)—South Korea has agreed to provide a government loan of 5.4 million U.S. dollars to the Philippines to modernize and expand the telecommunications network in Misamis Oriental, the Foreign Ministry said Thursday.

No Chong-ki, Korean Ambassador to the Philippines, and Raul Manglapus, Philippine foreign minister, will sign an accord on the loan on Jan. 30 in Manila, the ministry said.

The loan, from Korea's Overseas Economic Cooperation Fund, carries an annual interest rate of 3.5 percent and is repayable over 20 years after a five-year grace period.

Daewoo Signs Trade Contract With Yugoslavia

SK2401045791 Seoul THE KOREA ECONOMIC JOURNAL in English 24 Jan 91 p 7

[Text] Daewoo Corporation has signed a trade cooperation agreement with Centrocoop of Yugoslavia. The two companies will promote trade worth $100 million a year, according to the agreement signed by president Yun Yong-suk of Daewoo Corporation and chairman Zivorad Visic of Centrocoop on Jan. 12 at Daewoo's main building in Seoul.

Daewoo will export $60 million worth of cars, TVs and VTRs a year through Centrocoop to Yugoslavia and will import $40 million worth of farm-livestock products, feed, chemical products and machinery.

The two companies agreed to exchange a resident official in an effort to develop promising export/import items between the two countries.

For the first trade of the contract, Daewoo and Centrocoop will sell products worth $20 million through a special product show which will be held in Belgrade and Seoul in May and September, respectively.

Centrocoop will have the right to sell Daewoo motor's lightweight cars and Ssangyong's Korandos in Yugoslavia.

Revised SOFA Initiated for U.S. Personnel

SK0102011091 Seoul YONHAP in English 0027 GMT 1 Feb 91

[Text] Seoul, Feb. 1 (YONHAP)—U.S. servicemen and civilian employes stationed in South Korea are subject to Korean Jurisdiction over their crimes beginning Friday under a revised Status of Forces Agreement (SOFA) signed by the two governments early last month.

Officials at the Justice Ministry said all offenses by American military personnel and their dependents, except for simple traffic accidents and thefts, would be brought to local courts.

The old SOFA restricted Korea's legal boundary to serious crimes, such as national security breaches, murder, armed robbery and sexual assaults.

Under the revised SOFA, Korean authorities also have investigation rights before a suspect is turned over to U.S. custody. The U.S. side will hand over a suspect to Korean officials upon request unless specifically prohibited.

The agreement, signed by Foreign Minister Yi Sang-ok and U.S. Ambassador Donald Gregg on Jan. 4 after a two-year review, eliminates automatic waivers of Korean criminal jurisdiction over U.S. Military personnel, which had long been cited as an evidence of disadvantages Korea suffers in its relations with the United States.

There are 43,000 American servicemen stationed in South Korea under a 1953 Mutual Defense Treaty.

Editorial Views Negotiations With U.S., USSR

SK2501150991 Seoul CHUNGANG ILBO in Korean 24 Jan 91 p 2

[Editorial: "Have We Calculated the Actual Benefit in Negotiating With the United States and the Soviet Union?"]

[Text] The result of the economic cooperation meetings which we had with the United States and the Soviet Union in Seoul leads us to question whether we, still a developing country, have not handed our national interests too easily to the superpowers, resulting in an excessive economic burden in our external relations.

In the ROK-U.S. economic consultative meeting held last week, our side made big concessions from its previous position, facing much difficulty in terms of opening the farm produce and various service markets. It also consistently assumed a low posture to the unreasonable U.S. assertion mistaking our sound consumption campaign for an import restriction measure against U.S. goods. In short, the meeting ended in unilateral concession to the United States.

The ROK-Soviet economic cooperation talks we had this week were little different from the ROK-U.S. negotiation in that we easily accepted economic burdens in the negotiations with a major power. The joint statement after the meeting of the ROK-USSR Government delegations issued on 22 January announced our providing the Soviet Union with a $3 billion economic cooperation fund.

There is a certain truth in the government's view that the Soviet Union's cooperative attitude—which has been illustrated by the establishment of diplomatic relations between the two countries, by the Soviet's influence on North Korea which acts as a war deterrent on the Korean peninsula, and by the Soviet support for the simultaneous UN entry of North and South Korea—is not calculable in terms of money.

We think that this cannot be sufficient, however, to justify the scale of the economic cooperation.

In deciding the scale of our loan to the Soviet Union, the capacity of our economy should be taken into consideration more than anything else. The ultimate source of the loan we can give is a trade surplus. In view of the major deterioration of our international balance of payment that has continued over the last two years and the greater trade deficit anticipated this year, it is certain that we, still a debtor nation, cannot afford to give such a large amount of money. Furthermore, the cash loan of $1 billion has to be provided by borrowing the money.

Something else the government failed to take into account in its negotiations with the Soviet Union was the possibility that the United States may abuse the amount of our loan to the Soviet Union in negotiating for the ROK's share of the Gulf war cost. In the light of this, the government committed an error in foreign policy strategy by ill timing its negotiations for economic cooperation with the Soviet Union; though, of course, the sharing of the war cost and the giving of a loan are different in their nature.

Considering comprehensively the potential economic cooperation with the East European countries, such as Hungary and Poland, with which we have diplomatic

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relations, and with such countries as China and Vietnam with which we have not yet established diplomatic relations but must normalize relations gradually, our economic price of the nordpolitik may well unbearably rise unless we tighten the reins.

It is important to make diplomatic efforts to overcome the reality resulting from national division, but we ought not to give the international community and our people the impression in the process that we are buying political support with money.

We hope that the government will be faithful to the diplomatic strategy of reducing the economic burden in the overall external relations, including nordpolitik.

Aid to USSR Price Paid for Northern Policy

SK2801072691 Seoul CHUNGANG ILBO in Korean 22 Jan 91 p 3

[Article by reporter Yi Kyu-chin: "Northern Policies for Which We Paid Dearly—How the Plan for Economic Cooperation Between the ROK and the Soviet Union Has Been Mapped Out"]

[Text] The ROK and the Soviet Union have agreed on economic cooperation, a pending bilateral issue, which will cost $3 billion.

The ROK and the Soviet Union held the second intergovernmental talks on 17-18 January in Seoul and released a joint communique on 22 January. The statement says that over the course of three years, the ROK will give the Soviet Union $1 billion in government-guaranteed bank loans, $1.5 billion in government-guaranteed tied loans for the Soviet Union's imports of consumer goods from the ROK, and $0.5 billion in export credits for the ROK's plant exports.

In addition, the two governments agreed to establish the Joint Committee for Economic, Scientific, and Technological Cooperation as well as initialed the fisheries agreement, thus virtually concluding the bilateral economic cooperation issue.

The economic cooperation issue was linked to diplomatic relations between the ROK and the Soviet Union which were established on 30 September 1990; therefore, we had no alternative but to conclude this issue. Economic cooperation is virtually the price that we must pay in exchange for our successes in the northern policies.

Some people point out, however, that $3 billion is an excessive amount at this time when our country is again running a trade deficit because of our sluggish exports, and when prospects are not bright for our economy because of the Gulf war.

Of course, the government says that $3 billion is not a big amount because it will be given to the Soviet Union over the period of three years and that almost all of the money will be used for the Soviet Union's imports of our plants and commodities. Because the Soviet Union is likely to delay the repayment of these loans due to its difficult economic situation, however, burdens on the people in the form of taxes will increase.

Banking circles even point out that it would be difficult to acquire capital for these loans. In order to make cash loans to the Soviet Union, we must borrow money from overseas to lend it to the Soviet Union. In view of the recent increases in interest rates in the international money markets, it is clear that we must pay interest for a substantial period of time, even though the Soviet Union will consequently also do so.

We can say that these assumptions will most certainly prove to be true, considering the Soviet Union's economic situation. Various countries of the world, including the United States, think that it will take a long time for President Gorbachev to successfully make economic reforms, if he ever does. They also have a pessimistic view of what is taking place in the Soviet Union.

We can say that economic cooperation is a "gamble" when we consider the possibility that President Gorbachev's perestroyka may fail.

Suppose we understand that a reasonable price must be paid in return for the northern policy. Still, we must ask whether we can afford to gamble.

The Soviet Union has abundant potential that we can tap. These include massive natural resources, big markets, and high technology.

We can understand that from this perspective, the government has decided to promote economic cooperation with the Soviet Union and that it has no alternative but promote such cooperation in order to get Soviet cooperation vis-a-vis North-South dialogue and our reunification policy.

Therefore, it is too early to judge whether the method and speed of our economic diplomacy with the Soviet Union are appropriate or not, and we must have prudent judgment.

Whether or not economic cooperation between the ROK and the Soviet Union will succeed depends upon how sincerely the government will carry out economic diplomacy with the Soviet Union for the sake of our national interests. This is because diplomacy is absolutely based upon give-and-take.

This principle leads us to question whether the attitude which the government assumed in carrying out economic diplomacy with the Soviet Union was desirable or not.

The government handled this economic issue behind closed doors, even though it involves burdens on the people.

The government kept economic cooperation with the Soviet Union a secret after the ROK-Soviet summit talks in San Francisco and busily denied the media reports that economic assistance worth $2.5 billion to $3 billion would be given to the Soviet Union. Moreover, the government called in officials of pertinent ministries to investigate these leaks. This shows that the government's negotiation strategies were mapped out behind closed doors by only a few officials.

Stormy debates will take place in the National Assembly when it deliberates on its approval of the cash loans. Therefore, the government must now openly explain this issue to the people to solicit opinions from them about this issue.

Soviet Official Calls Economic Talks 'Success'

SK2501093591 Seoul YONHAP in English 0907 GMT 25 Jan 91

[Text] Seoul, Jan. 25 (YONHAP)—Soviet Deputy Prime Minister Yuriy Maslyukov, in an interview broadcast in Moscow, said Thursday that recent South Korea-Soviet economic consultations in Seoul was a success.

According to Seoul's semi-official communist watcher, NAEWOE PRESS, Maslyukov said the bilateral consultation was a success because it resolved "all the questions" raised by the Soviets.

The questions were financial support for the Soviet Union, strengthening cooperation in science and technology, and joint development of natural resources in the Soviet Union.

The "varied reaction" among the Western media to his comments on Soviet supply of defensive weapons to North Korea, the Soviet official said, distorted what he meant to say, which was that his country had never supplied offensive weapons to North Korea nor planned to supply them in the future.

South Korea announced Tuesday an economic aid package worth 3 billion U.S. dollars for the Soviet Union.

The money, to be given over three years, comprises 1.5 billion dollars in tied loans for Soviet imports of Korean raw materials and consumer goods, 500 million dollars in export credits and 1 billion dollars in bank loans.

Government Expresses 'Concern' on Baltic Situation

SK2301123791 Seoul YONHAP in English 1119 GMT 23 Jan 91

[Text] Seoul, Jan. 23 (OANA-YONHAP)—The South Korean Government has officially expressed its concern for tension reportedly mounting in the Baltic Republics of the Soviet Union.

Assistant Foreign Minister for Economic Affairs Yi Chung-pin on Wednesday invited Soviet Ambassador Oleg Sokolov to his office and conveyed the South Korean Government's concern over the reportedly bloody suppression of the separatist movements in the three Baltic Republics.

It was the first time that the Seoul defined its position regarding Moscow's internal affairs since the Soviet Embassy opened in Seoul on Dec. 7 last year.

"The Korean Government delivers its concern and worries of the Korean people to the Soviet Government regarding the recent turmoil in the Baltic Republics on the perspective of a global interest, though it is basically an internal problem of the Soviet Union," Yi told Sokolov.

During the 30-minute meeting, Yi hoped that the problem of the Baltic Republics would be solved peacefully through negotiations. He also wished that the Soviet reforms policy would be pushed ahead with continuously.

Sokolov responded, saying, "The Soviet Governement understands the concern expressed by the Korean Government and people. It is striving to find a peaceful solution to the matter." The Soviet official also said there would be no change in the existing Soviet policies, both internal and external.

The first Soviet ambassador to be assigned here, Sokolov said the turmoil in the Baltic Republics stemmed from a "very unfortunate circumstance" which he said was created by outlawed and anti-constitutional activities.

Asked by Yi in the meeting to clarify Soviet Deputy Prime Minister Yuriy Maslyukov's remarks Tuesday on a Soviet plan to continue supplying defensive weapons to North Korea, Sokolov was known to have said that Maslyukov's intention was misrepresented in the South Korean media.

Foreign Ministry Spokesman Chong Ui-yong quoted Sokolov as telling Yi that Maslyukov made the remarks only to emphasize the Soviet intention not to supply any offensive weapons to Pyongyang.

Yi was said to have pointed out that Maslyukov's remarks touched off "unnecessary misunderstanding and concern" among the Korean people. Ending a seven-day official economic consultation here Tuesday, Maslyukov told journalists that the Soviet Union was poised to continue supplying defensive weapons to North Korea.

Burma

Former Parallel Government Members Talk to Media

BK3101154291 Rangoon Domestic Service in Burmese 1500 GMT 31 Jan 91

[Text] The Information Committee of the State Law and Order Restoration Council held its 109th special press conference at the No. 2 Defense Services Guest House today.

It was attended by the managing director and officials of the News and Periodicals Enterprise and local and foreign journalists in Yangon [Rangoon] as well as visiting correspondents from Television Channels No. 7 and 9 of Thailand, the BANGKOK POST, and THE NATION newspapers.

The leader of the information committee, U Kyaw San, first explained that today's special conference was held to enable the journalists and correspondents to meet and interview U Than Kywe, member of parliament for Shwedaung township constituency-1 and U Myint Aung, member of parliament for Karma township constituency who are members of the National League for Democracy [NLD].

The two members of parliament who had been members of the so-called National Coalition Government of the Union of Myanmar [Burma], said according to their own wish, they reported to the military attache, Col. Ba Hein of the Myanmar Embassy in Bangkok, Thailand, on 19 January this year. Their experience, they said, had already been explained by Maj. Gen. Khin Nyunt, secretary-1, at the 108th press conference on 27 January [date as heard].

U Than Kywe then recounted his experiences and answered questions asked by local and foreign journalists.

Political Party Deregistered for 'Rebels' Link

BK3101155591 Rangoon Domestic Service in Burmese 1330 GMT 31 Jan 91

[Announcement No. 906 issued by the Commission for Multiparty Democratic General Elections of the Union of Myanmar on 31 January 1991, 2d day of the waning moon of Tabodwe, 1352 Myanmar era]

[Text] Subject: Deregistration of the Anti-Fascist People's Freedom League, AFPFL, Central Headquarters as a political party

The Commission for Multiparty Democratic General Elections had issued Announcement No. 36, dated 22 October 1988, announcing the registration of the AFPFL Central Headquarters, Union of Burma, located at No. 95A, Shwegondine Road, Bahan township, in Yangon [Rangoon] Division in accordance with Section 5.A of the Political Parties Registration Law.

When applying for the registration, Daw Cho Cho Kyaw Nyein, the general secretary of the AFPFL Central Headquarters, had signed a pledge on behalf of the party. But there has been substantial proof that Daw Cho Cho Kyaw Nyein and some members of the party's Central Executive Committee had infringed that pledge by establishing links with the armed rebels with the intent of revolting against the state. The act in itself makes the party an overt organization of the rebels, which is an infringement of Section 3.B of the Political Parties Registration Law.

Thus, exercising the powers entrusted under Section 6 of the Political Parties Registration Law, the commission hereby announces the deregistration of the AFPFL Central Headquarters, which had infringed Section 3.B of that law effective from today.

By the authority vested in me.

Signed: Aye Maung, secretary.

Delegate Dies, Removed From Elected Members List

BK3101152591 Rangoon Domestic Service in Burmese 1330 GMT 31 Jan 91

[Text] The Commission for Multiparty Democratic General Elections of the Union of Myanmar [Burma] issued Announcement No. 907 on 31 January 1991—2d day of the waning moon of Tabodwe, 1352 Myanmar era. The announcement reads:

Subject: Removing the late People's Assembly representative, U Tin Maung Win, from the list of elected representatives

U Tin Maung Win [of the National League for Democracy], who was elected from Kayan Township Constituency-2, Yangon [Rangoon] Division, passed away on 18 January 1991. He has therefore been removed from the list of elected People's Assembly representatives.

By the authority vested in me.

Signed: Aye Maung, secretary.

Insurgents Burn Village; Relief Goods Distributed

BK0102094991 Rangoon Domestic Service in Burmese 1330 GMT 31 Jan 91

[Text] Colonel Myo Myint, chairman of Kayin [Karen] state Law and Order Restoration Council [LORC], together with Kayin state LORC members; the chairman of Pa-an township LORC and its members; the state health officer; state social welfare officer; assistant education officer; manager of agricultural produce trading and party; and the state fire services department officer, left Pa-an at noon on 29 January to inspect Pa-Ong village, which was burned by insurgents the night of 26 January.

The chairman and party met 502 people from 85 families belonging to 82 households affected by the fire and spoke to them encouragingly. Relief goods were distributed, and the chairman pledged to support other needs as well. The fire started by the insurgents gutted 82 houses and caused

42 million kyats in damage. It also destroyed 2,685 baskets of paddy, three baskets of sesame seeds, and 10 baskets of groundnuts. Than Tun, age 25, son of U Aung Khin from that village, was shot by the insurgents and wounded in the buttocks and thigh. He is being treated at Moulmein General Hospital. The insurgents also took Yan Naing, age 25, son of U Hla Aung; Than Naing, age 25, son of U Ah Sit, and U Aung Ban Nyo, age 50, son of U Supara, all from the same village, as hostages.

Brunei, Malaysia & Singapore

Malaysia

Prime Minister Addresses Reporters on Gulf War

Urges Settlement Through Talks

BK0102085791 Kuala Lumpur BERNAMA in English 0756 GMT 1 Feb 91

[Text] Kuala Lumpur, Feb 1 (OANA/BERNAMA)—The best solution to the war is through talks and Malaysia would continue to appeal, push and seek for talks to resolve the crisis, Prime Minister Dr. Mahathir Mohamed said here Friday.

He also stressed that Malaysia's call for a review of the United Nations Resolution 678, which approved the use of military force to evict Iraq from Kuwait, did not reflect any change in its stand.

The resolution calling on Iraq to withdraw from Kuwait did not call for Iraq's destruction, he told reporters after visiting a bird park.

He added that Malaysia would take part in and support international conferences to resolve the crisis through talks.

Says Jordan First for Aid

BK0102102391 Kuala Lumpur BERNAMA in English 0920 GMT 1 Feb 91

[Text] Kuala Lumpur, Feb 1 (OANA/BERNAMA)—Prime Minister Dr. Mahathir Mohamed said Friday Malaysia will give aid to victims of the Gulf war, irrespective of which side they are from.

The government has approved an initial allocation of M$ [ringgit] 100,000 (U.S.$1: M$2.7) for Jordan which is facing the problem of refugees following the outbreak of war, he said.

"We will help all (Gulf) war victims. We will not side with Iraq, Saudi Arabia or Kuwait," he told reporters after visiting a bird park here. Dr. Mahathir said aid would be channelled to Jordan first because of the influx of refugees into that country.

The government might consider giving food and medicine to the victims if necessary, he added.

[In a report at 0756 GMT, Kuala Lumpur BERNAMA said Mahathir has "stressed that Malaysia's call for a review of the United Nations Resolution 678, which approved the use of military force to evict Iraq from Kuwait, did not reflect any change" in Malaysia's position on the Gulf crisis.]

Meanwhile, in the northwestern Penang state, some 2,500 Muslims held a peaceful demonstration in protest against continous bombing of Iraq by the allied forces in the Gulf. The demonstration, held after the Friday prayers, was organised by the West Asia Peace Committee.

Some of the banners read "To hell with the U.S.", "Destroy Zionist and the U.S." and "Save Islamic land".

The demonstrators also burnt the U.S. flag during the demonstration which included a brief address by Chairman of the committee Kassim Ahmad who accused the U.S. of using the Gulf crisis to achieve its own ambition of wanting to control the region.

About 2,000 Muslims earlier also held a special prayers to pray for Iraq's victory.

Trade Group Not 'Alternative to Multilateralism'

BK2301093291 Kuala Lumpur BERNAMA in English 0827 GMT 23 Jan 91

[Text] Kuala Lumpur, Jan 23 (OANA/BERNAMA)—Malaysia has reiterated that its proposal for an East Asian Economic Grouping (EAEG) is not an alternative to multilateralism, but envisages it as a grouping that upholds the multilateral trading system and is consistent with General Agreement on Tariffs and Trade obligations.

Malaysia, which is committed to ASEAN, will not take any action that will adversely affect it, Foreign Minister Abu Hassan Omar said when opening the [word indistinct] council meeting of the ASEAN Chambers of Commerce and Industry here, Wednesday.

He said the EAEG and ASEAN were not mutually exclusive but rather complemented and supplemented ASEAN's consistent efforts against protectionism.

It will provide ASEAN with a bigger and stronger voice on issues of direct concern, principally on the need for a fair and equitable trading system; it will enable ASEAN collectively with the other countries in East Asia to provide a dynamic core of growth, he said.

He added that ASEAN thus should play the key role in the proposed EAEG and to enable it to do so, ASEAN would need to strengthen itself. Intra-ASEAN economic co-operation therefore would have to be enhanced and given greater emphasis.

As the failure of the Uruguay Round had a tremendous adverse impact on developing countries of the region, he said Japan, South Korea, Taiwan, Hong Kong, China and ASEAN countries must work together not only to ensure that their gains achieved so far were not eroded but to provide a dynamic core for growth and continued economic dynamism.

To Be Explained Outside ASEAN

BK2801033091 Kuala Lumpur BERNAMA in English 0307 GMT 28 Jan 91

[Text] Kuala Lumpur, Jan 28 (OANA-BERNAMA)—Malaysian International Trade and Industry Minister Rafidah Aziz will call on heads of government outside ASEAN to enlighten them on Malaysia's proposal for an East Asian economic grouping.

She said there had been misunderstanding that the grouping was an "inward looking" body for promoting trade protectionism.

"I wish to categorically dismiss such a notion because the concept of cooperation advocated by the proposed grouping does not in any way threaten international free trade," she said.

Countries outside the region should have no cause for concern as it was aimed at contributing effectively towards the Asia-Pacific Economic Cooperation (APEC) and multi-lateral trade, she told reporters.

She will embark on the visits after her tour of Brunei Darussalam this Friday [1 February] where she will call on the sultan and her counterpart. Brunei is the last leg of her ASEAN tour for this purpose.

She said Malaysia was glad that ASEAN countries had generally agreed to the proposal although there appeared to be some confusion.

She gave an assurance that the grouping's activities, both in the short and long term, would be in line with the provisions of the General Agreement on Tariffs and Trade (GATT).

The grouping would not only strengthen the economies of ASEAN nations but also enhance cooperation with countries outside the region through APEC, she added.

Singapore

Deputy Premier Does Not Want Iraq 'Dismembered'

BK3101151191 Singapore Domestic Service in English 1400 GMT 31 Jan 91

[Text] Singapore is not an enemy of the Iraqis, although it supports the allied forces' operations in the Gulf and wants Kuwait freed. Deputy Prime Minister Brig. Gen. Lee Hsien Loong said Singapore did not want to see Iraq dismembered. Nor does it want a vacuum to exist in the Middle East which would lead to new instability. General Lee, in a BBC interview, said there is a need for a balance of power in the region but he noted that the Middle East will not go back to their ambivalent status quo.

On regional issues, General Lee said the Cambodian conflict may be resolved within a few months. He said the framework on what needs to be done has been agreed to by the five permanent members of the United Nations. He said the conflict, now in its final stages, shows no single issue can dominate world attention indefinitely. General Lee said Singapore will never delink itself from the world. In spite of the war, Singapore has been continuing with its economic plans and investments are still coming in. He pointed out that the Growth Triangle concept has benefitted not only Singapore but also Indonesia and Malaysia.

Leaders, Thai Foreign Minister View Cooperation

BK2701021191 Bangkok BANGKOK POST in English 27 Jan 91 p 3

[Text] Foreign Minister Athit Urairat and Singaporean leaders, spurred on by the impact of the Gulf war, agree firm joint projects to boost economic cooperation should be submitted to the ASEAN summit this year.

Minister Arthit met Singapore Prime Minister Goh Chok Tong and his counterpart Wong Kang Seng during a one-day visit yesterday. Dr Athit returned to Bangkok last night and is scheduled to visit Laos on Monday.

Ways to accelerate economic cooperation, investment, trade and tourism among ASEAN countries were discussed, informed sources said. It was agreed specific, concrete projects would be submitted to the summit in Singapore.

One example could be the joint investment and tourism project involving Singapore, Johore (Malaysia) and Batam (Indonesia).

The sources said a similar project could involve Thailand's southern Seaboard project, Penang in Malaysia and Medan in Sumatra, the sources said.

ASEAN projects no longer have to benefit all six members equally and can be initiated as long as they benefit some members.

It is expected benefits will eventually spread throughout the region, the sources said.

Dr Arthit and Singaporean leaders agreed there are two reasons why greater efforts should be made to achieve better ASEAN economic cooperation: the economic slowdown hastened by the Gulf war and the fact that there is now more readiness among ASEAN members to adopt freer trade policies.

Indonesia has adopted a private enterprise philosphy, reflected in its decision to sell of some state enterprises, the sources said.

They quoted Prime Minister Goh as saying he detects in Indonesian President Suharto and Malaysian Prime Minister Mahathir Mohamed a readiness towards closer economic cooperation.

The Singaporean leaders also felt the Cambodian question would be resolved within the year, noting that the Soviet Union no longer has any interest, time or inclination to spend money supporting Vietnam and Phnom Penh.

Moscow is too involve din its own internal affairs while China also wants to see a solution, the sources quoted the Singaporean leaders as saying.

Prime Minister Goh felt that after the Cambodian conflict is resolved there would be greater confidence in the region and that the ASEAN summit should examine the post-war scenario.

An area of cooperation among Singapore, Malaysia and Thailand- Indochina is possible, the sources said.

A statement issued by the Singapore Embassy in Bangkok said Dr Athit also discussed Malaysia's East Asian Economic Grouping (EAEG) proposal with Wong Kang Seng.

"They expressed their suport for it. They noted it would be complementary to existing grouping such as ASEAN and the Asia-Pacific Economic Cooperation (APEC).

"On the Gulf crisis, the ministers agreed that it is important to support the relevant UN resolutions and basic principles of international law. They hope that the war wil be as short as possible," the statement said.

Cambodia

Government Troops, Rebels Clash Near Svay Chek

BK0102152891 Hong Kong AFP in English 1457 GMT 1 Feb 91

[Text] Bangkok, Feb 1 (AFP)—Phnom Penh government troops were fighting back a guerrilla thrust Friday towards the strategically important northwestern Cambodian city of Svay Chek near Thailand's border, guerrilla sources here said.

Guerrillas belonging to the non-communist groups of the Khmer People's National Liberation Front (KPNLF) and a faction loyal to former Cambodian monarch Prince Norodom Sihanouk began their attack on Svay Chek on Thursday at dawn, the sources said.

The attack was confirmed by diplomats here, but there were conflicting reports on casualties, with one source saying the guerrillas had suffered heavy losses while another claimed they were light.

The KPNLF and Prince Sihanouk's force, both U.S.-aided, have allied themselves with the powerful Beijing-backed Khmer Rouge, Cambodia's radical Marxist group and the military muscle of a guerrilla coalition fighting Phnom Penh's Vietnam-installed government.

Svay Chek, located 30 kilometers (18 miles) from Thailand on highway 69, a supply line running parallel to the border, was overrun by KPNLF troops in December 1989, two months after Vietnam's announcement of a complete military withdrawal from Cambodia. Government troops retook it a year ago.

Vietnam invaded Cambodia 12 years ago to overthrow a Khmer Rouge regime and install a friendly government in Phnom Penh.

Guerrilla sources also reported fighting closer to the border, with KPNLF units pulling back following Phnom Penh forces' ground assaults supported by heavy artillery barrages and Soviet-made tanks. They attributed the government advances to shortage of weapons and ammunition on the guerrilla side.

"Our existing arms supplies are so low that we have had to borrow some from the Khmer Rouge," one guerrilla source told correspondents at the border. "We haven't received any weapons from friendly countries for a while."

The Thai Army has put its border troops on alert opposite the area where fighting is taking place, Thai military sources said.

Operations in Siem Reap-Oddar Meanchey Noted

BK0102064091 Phnom Penh SPK in English 0412 GMT 1 Feb 91

[Text] Phnom Penh SPK Feb 1—In the first two weeks of January, the provincial armed forces of Siem Reap-Oddar Meanchey, 300 km to the northwest, wiped out 63 enemy and seized 17 rifles and a quantity of other war means.

In the period under review, 11 enemy soldiers broke their ranks and surrendered to the provincial administration.

The deserters, who brought along 10 guns, included seven ex-Molinakans [Sihanoukists] and four ex-Polpotists.

Commentary Says Sihanouk 'Confused' Over Issues

BK2501105591 Phnom Penh Domestic Service in Cambodian 1300 GMT 24 Jan 91

[Station commentary: "Who Really Gets Confused?"]

[Text] In Beijing on 21 January Sihanouk, who always has his head in the clouds, charged that Phnom Penh is confused about the Cambodian solution. International public opinion and the Cambodian people, however, who have been closely monitoring developments in the Cambodian situation, understand without any illusion that the one who is completely confused about the solution to the Cambodian people's problem is not the

Cambodian Government but Sihanouk himself. He is confused not only about tactics, but also strategy.

Everyone knows that Sihanouk is well aware that without the timely rescue mission by the Cambodian People's Armed Forces and the Vietnamese volunteer troops, he would certainly have perished. Over the past 12 years, however, Sihanouk has erroneously believed that those who saved him and his people are the enemy and considered the genocidal Pol Pot murderers who had imprisoned him, slaughtered his children, and massacred more than three million Cambodians are his allies.

Recently, when the Cambodian people and the peace-loving and fair-minded countries sought to prevent the genocidal Pol Pot gang from returning to power and resuming the massacre against the people, and when they demanded that the murderous ringleaders be tried before an international court, Sihanouk erroneously defended the Pol Pot butchers at all international forums and sought through trickery to reinstate these men whose hands are still stained with the blood of the Cambodian people so that they can again slaughter the people and devastate the nation.

One ridiculous issue concerns Sihanouk's mindlessly appointing himself as chairman of the Supreme National Council [SNC] and announcing to anyone who cares to listen that he has decided to relinquish his role as chairman and his membership in the SNC. We wonder when Sihanouk became the chairman or a member of the SNC.

At the beginning of 1990, Sihanouk mistook others' territory as his own by publicly announcing that he went to Cambodia to live with the Cambodian people. Actually, Sihanouk only managed to approach the border and set foot on alien soil.

Most serious of all is Sihanouk's confusion about the Polpotists. For the past 20 years, Sihanouk has been deceived into serving Pol Pot's designs by Sihanouk's appointment as a figurehead president wielding no power whatsoever. Sihanouk, however, has mistakenly continued to believe in and trust the Polpotists and tried to persuade the Cambodian people to give the criminals another chance. For this reason Sihanouk and Son Sann demanded that the Cambodian Government and people accept a Cambodian solution that would include Pol Pot.

From 1987 to 1989, Sihanouk and Son Sann insisted on the dissolution of the two existing governments to be replaced by a so-called interim quadripartite coalition government. Since 1989, Sihanouk and Son Sann have demanded that the Cambodian Government be dismantled administratively and militarily, the armies demobilized, all Cambodian factions disarmed, and the country placed under UN control. Sihnaouk erroneously believes that by so doing Pol Pot will be deprived of any opportunity to seize power and that, should he lose to Pol Pot at the polls, he will lay down his arms and accept the results of the elections. Sihanouk forgets that the Polpotists are bandits. They have hidden their arms and ammunition in the jungles and no one knows for sure the exact numbers of their men and amounts of their arms and ammunition. Moreover, the Polpotists are extremely bullheaded. They will not let anyone control their gang. Sihanouk knows well that over the past 12 years, no international organizations have succeeded in conducting a thorough inspection of any Polpotist camp on the Thai border. Can anyone check the hideouts in the jungle whose locations are unknown to all except the gang?

The Cambodian Government and all the people cannot be confused on this matter like Sihanouk. For this reason, while accepting the framework document of the five permanent UN Security Council members, as well as agreeing with the fundamental points in the 26 November 1990 peace plan, the Government of the State of Cambodia demands that the remaining contentious issues be discussed by the coordinating committee at the Paris international conference on Cambodia and among the SNC members. This is not a mix-up as alleged by Sihanouk, but the concrete, uncompromising position of the State of Cambodia. If Sihanouk wants to be confused, let him be confused alone; he should never try to make the Cambodian people confused along with him. The Cambodian people know very well who is their friend, who is their enemy, who cares about the people's interests, and who only thinks of his personal interests. The Cambodian people can never mistake those who have saved and assisted them for those who have massacred them and opposed national rebirth.

Commentary Denounces Pol Pot's Ban on Hunting

BK0102093591 Phnom Penh Domestic Service in Cambodian 1300 GMT 31 Jan 91

[Station commentary: "The Old Trick of the Fox"]

[Text] According to a foreign news report, the genocidal Polpotists recently came up with another pretext to continue their massacre of some of our innocent Cambodian people unfortunate enough to remain under their oppressive control. Through a directive, Pol Pot strictly prohibited the people from capturing or killing birds and animals for any reason. Anyone caught contravening this jungle law would be brought before a jungle court and severely punished by Pol Pot's right-hand man, Ta Mok.

This is one of the most vile tricks of the Pol Pot gang that the Cambodian people throughout the country, including a number of those brothers who are living under Pol Pot's oppressive yoke, will remember vividly for generations to come. For three years, eight months, and 20 days, the Polpotists have used all means, tricks, and ploys to massacre our people and exterminate the Cambodian race. During that period, aside from killing pets or wild animals that were considered by the Polpotists to belong to their Angka [Organization], any man who misplaced a spoon, inadvertently shattered a bowl, or damaged a plow, harrow, spade, or knife was viewed as an enemy, a subversive element against the Polpotists'

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great leaps and bounds movement and, under their jungle law, would be sentenced to death by having his skull smashed with a hoe or a cartwheel axle.

More savage still, by merely complaining they did not have enough to eat or were tired or by simply disregarding orders, our people would be immediately punished. Furthermore, even innocent babies or elderly members of a guilty person's family would not be spared; they were also sent to the gallows as the Polpotists steadfastly implemented their savage slogan: To extract grass, you have to uproot it. In other words, the Polpotists value the lives of the people much less than a spoon or bowl. For example, in order to find the culprit who stole a hen, they ordered the inhabitants of the entire village to be tortured or killed.

At present, the majority of our people have been liberated from this hair-raising jungle law. It is most regrettable, however, that a number of our hapless compatriots have been forced at gunpoint by the Polpotists to follow them to the Cambodian-Thai border and live under their criminal jungle law. For this reason, over the past 12 years, Pol Pot has never authorized any international organization to inspect his camps for fear of being censured for his use of jungle law. Moreover, the Polpotists have surreptitiously sent 50,000-60,000 refugees to settle in malaria-infested jungles and mountainous regions and war zones without the slightest care for their survival.

Many Western newspapers have clearly pointed out that Pol Pot's fierce and savage nature has not changed. Even Sihanouk, the closest ally of the Polpotists, has revealed that the Pol Pot of the 1990's would not be much different from the Pol Pot of the 1970's. For this reason, no matter how hard the genocidal Polpotists try to conceal the heinous crimes they have committed and continue to commit, they can never whitewash the terrible tragedies, hatred, and indignation of the Cambodian people.

Like international public opinion at large, the Cambodian people clearly understand and know that whatever the genocidal Polpotists do to hide their deeds, these are merely tricks and ploys that serve their ultimate objective of massacring the Cambodian people to the last soul.

Chea Soth Attends Indian National Day Meeting

BK2801121191 Phnom Penh SPK in French 1056 GMT 28 Jan 91

[Text] Phnom Penh, 28 Jan (SPK)—Shri Rinzing Wangdi, charge d'affaires E.P. [extraordinary and plenipotentiary] of India to Cambodia, gave a reception here on 26 January in honor of the 42d National Day of the Republic of India. Chea Soth, Politburo member of the People's Revolutionary Party of Kampuchea Central Committee and vice-chairman of the Council of Ministers, and other Cambodian party and state officials, members of the diplomatic corps, and representatives of international organizations in Cambodia attended.

Addressing the guests, Wangdi praised the long-standing friendship between India and Cambodia in a wide range of activities. Wangdi said the recent visit of Prime Minister Hun Sen to the Republic of India was another milestone in the history of the harmonious relations between the two nations.

On the Cambodian peace process, he said India has actively contributed to the process with hopes of a quick solution to the tragic conflict and strongly favors a solution which ensures Cambodian independence, sovereignty, territorial integrity, neutrality and nonalignment, and freedom from the danger of genocide.

For his part, Vice Chairman Chea Soth expressed his appreciation for the achievements of the Indian people and his thanks to the government and people of India for their support and assistance to the just cause of the Cambodian people in their national construction and defense, particularly India's contribution to the process of finding a political solution to the Cambodian problem. He also voiced his hope that the friendship and cooperation between the two countries would continue to develop in the interests of the two peoples and peace in the region and the world as a whole.

Increased Trade With Vietnam in 1990 Reported

BK2501070691 Phnom Penh SPK in English 0414 GMT 25 Jan 91

[Text] Phnom Penh SPK January 25—1990 saw remarkable achievements in trade cooperation between Cambodia and Vietnam with the volume of goods exchange between the two countries increasing ten-fold compared with the previous year.

Last year, Cambodia exported 10,000 cubic metres of timber and tens of thousands of tons of farm products to Vietnam, surpassing the yearly target by five per cent, while Vietnam's exports to Cambodia exceeded the plan by 10 per cent.

Vietnam's company of VIKAMEX, which began to conduct its activities in Phnom Penh five years ago, has played an active role in goods exchange between the two countries. VIKAMEX has contacted various Cambodian companies to promote trade between Cambodia and Vietnam.

National Assembly Session Resumes Work 1 Feb

BK0102094191 Phnom Penh Domestic Service in Cambodian 0430 GMT 1 Feb 91

[Report from the National Assembly's 20th session]

[Text] [passage indistinct] Comrade General Tie Banh, defense minister [words indistinct] Comrade Uk Bunchhoeun, justice minister [passage indistinct] Comrade Cha Rieng, director of the Cambodian People's Bank; Comrade Mi Samedi, vice chairman of of the Cambodian Red Cross; Comrade Ros Chhun, minister of communications, transport, and posts; and Comrade Yos

Son, education minister, questions and suggestions concerning their respective ministries put forward by Assembly members from Kompong Chhnang, Battambang, Koh Kong, Kratie, Siem Reap-Oddar Meanchey, Svay Rieng, Prey Veng, Takeo, Kompong Speu, and Kompong Cham constituencies.

The session adjourned at 1045 and will resume this afternoon.

Thai Daily Views Political, Military Situation

BK0102031291 Bangkok BANGKOK POST in English 1 Feb 91 p 4

[Article by Jacques Bekaert: "Cambodian Diary—Gulf Steals Attention"]

[Text] With a bigger, more terrifying war exploding in the Persian Gulf, Cambodia is once again very much a sideshow, and has practically vanished even from the inside pages of the world Press. There is not much fighting going on—skirmishes here and there, small battles that will never make it into any history book.

For the Cambodians, though, peace hardly appears at hand. The visit to Hanoi of Indonesian Foreign Minister Ali Alatas, his French colleague Edwige Avice and UN Deputy Secretary-General Rafiuddin Ahmed will perhaps clarify Vietnam's position and offer a better understanding of the reservations often expressed by Phnom Penh towards the plan proposed by the five permanent members of the Security Council of the United Nations.

In the meantime, the various Cambodian factions remain highly suspicious of each other. In conversations with other members of the Perm Five, including the Soviet Union, China quietly explained it would resume military supplies to the resistance because "Phnom Penh is refusing the Perm Five Plan."

China recently claimed to have ended military assistance to the resistance last September, after adoption of the Perm Five Plan by the UN Security Council. While the Khmer Rouge appear to have ample stocks of weapons, bullets and artillery shells, the Sihanoukists, the KPNLF and the Cambodian People's Armed Forces [CPAF] are all experiencing a shortage of ammunition.

In Phnom Penh, military sources including Lt-Gen Ke Kimyan, the CPAF Chief of Staff, said a few weeks ago that the army was essentially on the defensive. Soldiers in the provinces said they had less ammunition than in 1989. A Sihanoukist general explained during an interview conducted a few days ago at the former HQ of the Vietnamese 7th Division, Ampil (not to be confused with the former border base of the KPNLF), in Oddar Meanchey Province, that while his men had enough ammunition for light weapons, there was a definite shortage of artillery shells. His troops, he said, sometimes bought shells from the Phnom Penh army. Since most of the artillery and the few tanks of the National Army of Independent Cambodia (ANKI, the former ANS) were captured from the Phnom Penh forces, there is no problem of compatibility. A 122mm shell goes for 1,500 baht, as does a 100mm shell for the T-54 tanks. The price of mortar shells—60 and 82mm—varies from 180 baht to 250 baht. ANKI sources said the Sihanoukists have not received any Chinese assistance since last April.

On the ground each army seems to be waiting for peace to come. The Sihanoukists and the KPNLF are securing their zones of operation. The Sihanoukists have built a new dirt road in Oddar Meanchey and claim they can now send supplies to their forces in Kompong Thom Province directly by road. But Prince Norodom Ranariddh's main concern is to assist the population now under ANKI control, and bring some kind of economic development to regions of Cambodia which have long suffered from neglect.

While Khmer Rouge Radio keeps accusing Phnom Penh and Hanoi of blocking the peace plan, the National Army of Democratic Kampuchea too appears more involved in political work than in direct combat. The Khmer Rouge have also developed a vast network of roads, which allows them to send supplies deep inside the country. While they claim once in a while that they are about to capture major cities, like Battambang or Siem Reap, this is probably another example of psychological warfare. The Khmer Rouge leadership knows that such claims will spread rumours, resulting sometimes in raising prices in Phnom Penh and greater resentment toward the Government of the State of Cambodia.

Prince Norodom Sihanouk, at present in Beijing, recently issued a series of communiques accusing Phnom Penh and Hanoi of refusing the Perm Five Plan. Sihanouk believes that Hanoi still wants to maintain its control over Cambodia, and objects to the UN plan because of the presence of Vietnamese advisers and soldiers in Cambodia. It is wrong to say that the Perm Five Plan favours the resistance alone, wrote Sihanouk. By fully accepting the plan, the resistance also accepts to dismantle its own coalition government. Cambodia will be represented by the Supreme National Council, remarked the Prince. In the SNC, Phnom Penh holds six seats and Mr Hun Sen would be the "only star of the Khmer show."

Chinese diplomats have explained to their four partners that the Perm Five Plan must be accepted as it is. If one faction were to start arguing for changes, so would the other factions and there would never be a solution, warned Beijing. France, the United Kingdom, the USA and the Soviet Union seem to agree.

Sources in France say that Paris and Indonesia were disappointed by Phnom Penh's reluctance towards the UN plan and so far have not yet received a clear answer from Mr Hun Sen as to the exact nature of Phnom Penh's objections.

Both France and Indonesia have carefully explained to Mr Hun Sen that the Perm Five Plan did not imply the dismantling of the State of Cambodia, only the supervision of some key ministries and a few administrative offices. They added that no one wanted a return of the Khmer Rouge, and that one of the reasons the Perm Five Plan existed in the first place was to prevent such a return.

French officials are increasingly convinced that the key to Phnom Penh's position is still in Hanoi. Nevertheless it could probably have been helpful if the Franco-UN-Indonesian delegation had visited Phnom Penh too, and not just Hanoi and Bangkok. The leadership of the ruling People's Revolutionary Party of Kampuchea has already complained that Phnom Penh was being treated as the only guilty party.

Resolution

The 12th Plenum of the Central Committee of the PRPK [Kampuchean People's Revolutionary Party] met in Phnom Penh from January 17 to 20. Little is known so far about the discussions. The official agency SPK only declared that the plenum "adopted a resolution on the situation and tasks of the Cambodian revolution in 1991, calling for a continued implementation of the resolutions of the 5th Party Congress (in 1985) and the second national cadres conference of party cadres." Of course, neither the party congress nor the cadre conference made any reference to any peace plan.

During a meeting of the Cambodian naval force in Kompong Som at the end of January, President Heng Samrin said: "We will continue the negotiations but we will only sign an accord that respects the independence, sovereignty and right to self-determination of the Cambodian people, and the UN charter, and which guarantees the maintenance of our political and military institutions before the (UN-supervised elections)." Mr Heng Samrin claimed that at the Paris informal conference of December 20, 1990, the various Khmer factions "agreed on most fundamental points of the Perm Five draft agreement." Some points, he added, required further discussion. Other sources in the French capital were somewhat less optimistic.

A few days earlier in Phnom Penh, Mr Hun Sen declared that while he was optimistic about a solution to the Cambodian problem, "it is still far away due to the unconstructive attitude of our enemy." The resistance of course claims that it already has accepted in its entirety the Perm Five Plan and that the only obstacle at this point lies in Phnom Penh's objections.

In one of his communiques, dated January 23, Prince Sihanouk wrote that if the Khmer Rouge had caches of weapons, so did the Phnom Penh army. Prince Norodom Ranariddh said during an interview at his residence in Odder Meanchey that "we will be the first one to tell the UN where the Khmer Rouge caches are. We certainly do not want a return of the Khmer Rouge to power." Phnom Penh has insisted it cannot accept that disarming of its army before the elections, as nobody knew the exact locations of the Khmer Rouge troops and their caches of weapons.

Sihanouk also expressed the fear, not uncommon among Cambodians, that Phnom Penh and Hanoi were ready to accept a partition of Cambodia. Should the Khmer Rouge and the resistance manage to take over western Cambodia, and cities like Siem Reap, Battambang, Kompong Thom or Pursat, the Phnom Penh regime would, with Hanoi's assistance, consolidate its hold on eastern Cambodia, the prince wrote. Only implementation of the Perm Five Plan, concluded Sihanouk, would bring a "true, long lasting peace" to the country. This seems also to be the conviction of the Perm Five.

Rebels Rout 'Vietnamese Puppets' in Kompong Thom

BK0102031491 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 31 Jan 91

[Text] After our national resistance forces routed the enemy 17-21 January, the Vietnamese puppets rounded up eight trucks for their troops from Ta Saeng, Svay Damnak, Phnum Dek, and Kompong Thom Province in an attempt to retake our liberated villages in Kompong Svay and Stoung Districts [in Kompong Thom Province]. They were ambushed, however, by our national resistance forces and attacked for three days, from 23 to 25 January, and were forced to retreat. We killed 18 enemy soldiers, including a battalion and a company commander, and wounded 21 others for a total of 39 casualties. We seized seven assorted weapons and a quantity of war materiel.

Sihanouk Activists Set Up Pro-Democracy Group

BK0102054691 Hong Kong AFP in English 0412 GMT 1 Feb 91

[Text] Paris, Feb 1 (AFP)—A group of Cambodian activists loyal to former monarch Prince Norodom Sihanouk has set up a new pro-democracy current within the political party which groups most of the prince's followers, the group announced here on Thursday.

Khek Sysoda, one of the founders of the group, told a news conference that the current was to be called "for an advanced liberal democracy," and would aim to draw up a "project for the Cambodia of the year 2000" based on a market economy.

It was the first time the existence of separate currents had been reported within the prince's National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia, which is known as FUNCINPEC from its French initials.

They added that Prince Sihanouk's son, Prince Norodom Rannaridh, who is both the secretary general of the party and the leader of its military forces, could de facto be considered the head of the other, non-declared current.

FUNCINPEC is one of the three groupings which make up the Cambodian resistance coalition. The other two are the Chinese-backed Khmer Rouge and the nationalist Khmer People's National Liberation Front (FNLPK), headed by former Cambodian Premier Son Sann.

Prince Sihanouk resigned as president of FUNCINPEC in August 1989 because of the group's internal divisions. However, he has continued to be associated with attempts to end the crisis in his country, which involve U.N.-sponsored negotiations between the three resistance factions and the Vietnamese-backed government in Phnom Penh.

A key point in the manifesto released here by the new party current was its "refusal of any cooperation whatsoever with parties which persist in violating human rights," Mr. Khek Sysoda said.

Philippines

Foreign Secretary Manglapus Gives Policy Speech

HK0102062091 Quezon City Radyo ng Bayan in Tagalog 0230 GMT 1 Feb 91

[Policy speech given by Foreign Secretary Raul Manglapus at the Philippine International Convention Center, Manila, in English—live, broadcast in progress]

[Text] ... geopolitical lines are there, but they are getting a little less pronounced and are increasingly traversed in the accelerating thrust of development. Even in the bitter last gasp of the [words indistinct], there was a noticeable blurring of traditional divisions.

On the agricultural issue, industrial nations fought each other, and grain-exporting less advanced economies found themselves alight with economic [words indistinct]. Yet the North and South, East and West, developed and developing, First, Second, Third and even the Fourth World, debtors and creditors, donors and recipients, rich and poor—they are all still there.

And where do we stand? Shoulders will be shrugged. Do we have to act? We are poor, we are developing, we are heavily indebted, we are aid recipients indeed, aid seekers, we are of the South—and, of course, of the East. That is where we are.

It is as simple as all that, but that may be too simple. We might [words indistinct] selling ourselves short. From the days of the galleon trade to these times of American military facilities on our territory, there has been one rarely spoken, but potent, characterization of our geographic position, namely, that land, water, and air have put us squarely at the strategic center of our planet.

There are no more impressive illustrations of this than the brightly colored maps of the United States Information Service which depict with solid and broken lines how America discharges her self-assumed obligations of defending herself and patrolling the world from her vantage emplacements at Clark and Subic.

We are at the strategic center, therefore we host these installations. Is that our sole contribution to the stability of the world? This world is far from integrating itself politically, but its economies are already interlocked. There is an evolving new world order, and one of its pivotal features is that there are greying populations and skill shortages in industrial countries, and these must be replenished from somewhere else.

And so economic necessity mixed with altruism now compells the opening of skill-hungry economies to Asians, responding at least partly to the moral appeal of theologians.

In the 1960s, the Sri Lankan Oblate Father (Pisa Balasuria) denounced the restrictive immigration policies of developed nations. He said these policies breach the doctrine, and I quote him: Increase and multiply and stay where you are. So we have already filled the earth.

The Philippines is the largest single provider of these [word indistinct]. Only 35 percent more than one-third of the industrial world's requirements are filled by Filipinos. These are not the (hardy?) but untutored seamen who, 300 years ago, jumped the galleons and settled in Louisiana; not the half-literate farmers that, in the 1920s, pioneered into Hawaii and California. These are professionals who heal the sick, build dams, design modules that land on the moon.

We are exporting professionals of all disciplines, except only one. The Shakespearean rebel (Pic) in King Henry VI had this exciting vision of a progressive new state after seizing the throne. He said, The first thing we do: let's kill all the lawyers. We have no plans to do that to ours, only to export . . .

[Break in transmission]

. . . in Europe, in Africa, and even the domestic helpers among them, many of them diploma holders, make their solid economic contributions by enabling both spouses in their employers' household to work. That's expanding the base of the indigenous labor force.

Is it then our policy to perpetuate this condition? To institutionalize this Philippine position of chief supplier of skills, dispenser to the world of foreign aid—cerebral, muscular and, ultimately, financial? No. This is not our policy. But it is our intention to foster this practice for as long as it conforms to our vision of our own internal development.

The Republic of Korea is doing just that. It is the third biggest supplier of overseas labor and professionals—nowhere, of course, near our technical and numerical level; but it obviously has learned to profit from this activity in its successful drive to industrial power.

There is a special reason why this activity fits the character of our development. Our superior capability to

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supply the world with professional and technical skills serves to confirm our claim—not seriously disputed by anyone—that only three decades ago, we were already the second most developed economy in Asia.

In somehow losing that leading position, we lost the capacity to absorb our own skills. With our surplus of those skills, we are now turning to foreign exchange producers, and above all that surplus enables us to reverse the psychology of our diplomacy. Now we need no longer approach the table of diplomatic dialogue in the onerous category of recipients and seekers or beggars. We are givers to the world, and we expect the world to take notice. We are grateful to all nations that trade with us, render us financial assistance, provide jobs for our people by investing in profitable ventures or by accepting them in their own lands. We provide them, in exchange, with the trained skills without which they could not prosper.

This is the blossoming new world order, and its dominant driving force both ways is not benevolence—it is economics.

What appears on the bottom-line of the balance sheet? Do we give or receive more? [Word indistinct] of competition abound, and we may never know. Perhaps we might settle for that Filipino adjectival phrase with which we conveniently terminate all arguments. Not bahala na [come what may], but patas na tayo—let's call it even.

Here then is our composicion de lugar [Spanish for pride of place]; here too is the updated springboard for our development diplomacy. With this confident posture, we approach our multilateral and bilateral international relations. Our multilateral outlook is dominated by our membership in two formal organizations. One, global—the United Nations; the other, regional—ASEAN. The focus of that outlook is also sharpened by [words indistinct] of our less formal associations with the nations of Asia, the nations of Hispanic groups, the Islamic nations and the democratic nations of the world. It is our membership in the United Nations, our providing of service to the Middle East, our [word indistinct] dependence on its oil supply that have most determined the temper of our policy towards that region [words indistinct].

These were my preoccupations when, accompanied by Undersecretary Manuel Yan, at the bidding of President Aquino two weeks after the invasion of Kuwait, I first stopped in New Delhi to confer with Foreign Minister Charan so that we might engage in joint action with India for United Nations support for the safety and repatriation of our workers in Iraq and Kuwait. Next to the Philippines, India is the largest supplier of Asian labor to that region. It was our joint appeal to the United Nations that gave rise to the eventual effective international backing for that repatriation. The objective of foreign diplomats and media [words indistinct] was that the Philippine side of that action was the best plan and executed [words indistinct].

In Iran and Saudi Arabia, I obtained assurances of additional oil supplies, from which we are now drawing. In Iraq I conferred with Foreign Minister Tariq Aziz, who pledged cooperation in the evacuation of our nationals. I informed Mr Aziz that, as a member of the United Nations, the Philippines adheres to the Security Council resolutions. That principle remains at the heart of our policy towards that conflict in which the nations of the coalition—including some predominantly muslim ones—are militarily engaged. Pursuant to the United Nations Security Council resolution 678, we support their action.

True to our predilection for peaceful (expedience?), we have sent a medical team—200 strong—in support of the coalition. Other Asian countries have now done the same. In addition, we have opted not to encourage our nationals in the region to return home en masse lest they destabilize the economy and debilitate the defenses of their host countries. We must note that the Filipinos seem to have shown an overwhelming inclination to stay in the region. We might also note that devising the mass repatriation of our more than half a million nationals within the time that the conflict is expected to last is a task that even the most astute logisticians may not be eager to accept.

President Aquino has hailed the circumspect (delimitation?) by President Bush of the war aims of the coalition. They are out to liberate Kuwait, not to destroy Iraq. The Philippines certainly has no dispute with the Iraqi people, or with their government—only with those in the leadership of that government who provoked the United Nations with the invasion of Kuwait. We ourselves have resisted invasion many times in our history, and today we have accepted the United Nations as the ultimate forum and decisionmaker in disputes involving violations of national sovereignty.

We have protested to the Iraqis on some instances of documented violations of the human rights of our nationals in Kuwait, allegedly by the soldiers of the Iraqi army. The Iraqi Government has responded positively, although with some reservation to at least one of our protests. For involvement in an act of terrorism, we have expelled two Iraqi students and one Iraqi diplomat who we declared persona non grata. The Department of Foreign Affairs found the evidence against the diplomat convincing, and the Department of National Defense had specifically recommended this non grata declaration.

We have no intention of severing our relations with Iraq. Our ambassador and most of his staff have left Baghdad. At the time of his departure, most of the ambassadors from Asia, Europe and the Americas were already gone. Incidentally, 80 percent of the ambassadors—including the Soviet and the American—were out of Iraq on

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vacation when the invasion of Kuwait was launched last August. Our ambassador was then in Manila after attending an Iraq-Philippine joint committee meeting, which a large Iraqi delegation had come to attend.

Four members of our embassy staff remain in Baghdad—we have no more communications with them—to attend to the needs of the less than 50 Filipinos who have opted to remain in Iraq and to a few of the 2,000 who voluntarily stayed behind in Kuwait but who belatedly are deciding to leave via Baghdad.

Only last week Labor Secretary Ruben Torres and Foreign Affairs Undersecretary Pablo Suarez returned from their mission to oversee the organizising of our evacuation contingency.

This war will end, and even now the Philippine Government begins to plan its participation in the reconstruction of that unfortunate region. We shall reconstruct it first in our minds and in our nomenclature, and stop calling it Middle East—that unoriented appellation coined by a Western military planner. We shall follow the lead of the foreign ministries of India and China, render it a precise orientation and begin to call it West Asia. Just as the United States State Department adopted a suggestion of an obscure Filipino politician, abandoned that Eurocentric denomination Far East, and restored our region to its indigenous bearings as East Asia.

President Aquino is organizing an interagency task force which shall design a program by which, when the hostilities cease, the executive, in coordination with Congress, shall be ready to place Philippine resources and skills at the service of that region—in even more volume and quality than they are serving it now.

It is a costly war, and the whole world is paying for it. The United States is the biggest payer in lives and dollars. But United States spending is mostly domestic. We have memories of World War II, when Franklin Delano Roosevelt finally pulled his country out of the great Depression with a war economy that produced full employment and new technologies.

This war has already boosted the United States defense industry, even if there is no time for the spending to provide similar (thrusts?) to other industries. The foreseen drop in oil prices may have precisely that effect.

Ideally every region should be left alone to handle its security, but the United Nations has had to intervene in the Middle East at the instance of some nations in that region. The world of nations has not yet discovered the magic formula for collective security—a truly collective security where the members of the collective have equal participation and responsibility, and are able by themselves to institute security. The United Nations Charter is there to provide us with the organic (precepts?). NATO and the Warsaw Pact are there to provide us with models. But even in those models, there is no perfect sharing, for underpinning and underwriting them are the two superpowers.

In July of last year, I presented to the ASEAN foreign ministers gathered in Jakarta a proposal for a dialogue on security in Southeast Asia. It was an idea broadly introduced by President Aquino at the ASEAN summit in Manila in December 1987. The subject of regional security has been mostly shunned by ASEAN, but in Jakarta the foreign ministers thought it was time to take it up. Our proposal was accepted, and shortly, there will be held in Manila the first dialogue on technical levels. The process will hopefully produce consensus. It will be a consensus of and by the region, and not dictated from outside the region. If others outside the region eventually participate, it shall be by invitation and not by imposition.

Australia and Canada have come forth with their own visions of regional security. Australia has called for an East Asian dialogue, and Canada seeks a North Pacific understanding. The Philippines looks on both proposals with earnest sympathy. In our view, they may overlap but do not seem to conflict with our regional initiative.

As we await this multilateral prospect, we must deal with the bilateral reality as well as the multilateral implications of our military relations with the United States. The Gulf war will not interrupt the Philippine-American cooperation talks.

It was the United States that first introduced the notion of compensation into our relation. In 1898, after seizing the territory of the first Philippine Republic, it paid Spain in the Treaty of Paris, $20 million. In a best efforts pledge, not—and I quote the treaty—within three months after the ratification by both signatories of this treaty. That world power has now evolved into the undisputed superpower, vested with the informal title of Constable of (work?). Only two days ago, President Bush delivered a candid avowal of this mission. In his state-of-the-Union address, he said: as Americans, we know there are times when we must step forward and accept our responsibility to lead the world away from the dark chaos of dictatorship. One may dispute whether that responsibility is necessary or even if it is just, but America has chosen to shoulder it. There are those who would argue that if Constable America did not exist, it would have to be invented. We would hope that the new invention will be the perfect collective security (concept?).

We are ready to meet the needs of America. We are ready to give it time to adjust—a period which could overlap with the gestation, perhaps the birth, of regional security [word indistinct]. But America must be ready to meet our needs, and American appears to be getting ready to accept the uniqueness of the historical antecedents of our nationalism, to recognize that its facilities are occupying areas that we could turn to dynamic development, and to

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offer—as it already has—to collaborate in the conversion of base lands to modern industrial use.

I could point to more instances of positive American attitudes. For one, in spite of the obvious practice that in this jet age, negotiations are conducted alternately at the contracting nations—Mr Armitage agreed upon our insistence to hold all the rounds in Manila. For another, in our 1988 talks, both the State Department and, upon my direct lobbying in Capital Hill, our friends in the United States Congress, prevailed on a stubborn Treasury Department to yield to our proposal for the debt-reduction component in our $1.2 billion 2-year annual package, which I signed with Secretary Shultz in October of that year. That debt reduction has been implemented and has produced to date $172 million in repurchase debt, and $182.9 million in interest payments.

Some other U.S. attitudes can create problems. There is their addiction, for example, to the adage: If it ain't broke, don't fix it. Two cultures, two national histories can shape different views of what is broke and what ain't. I am happy to report, however, that the United States panel appears to be coming around to accepting the difference.

We have had to deal, by the way, with the folksy notion that holding the negotiations in your own capital gives you the home court advantage. That may be true in sports, where you expect the crowds always to root for the home team. But that is not always true in diplomatic negotiations. In an open society such as ours and America's, a population with high expectations and a free press can put more pressure on the home panel than it would feel abroad. On the other hand, that very openness can give the visiting panel the advantage of putting pressure on their local counterparts by meeting with other officials and availing of the press, radio and television to air and defend their views. That is exactly what Mr Armitage has been able to do, each time he has been here for our rounds. You must add to that the fact that, with obvious resources and with unlimited access to our population, the United States ambassador to the Philippines is able to deal directly with governors, mayors and barangay folks with very convincing and timely arguments.

I could have done some of that in Washington, as I did in 1988, had I proceeded there, as I had announced, to address the International Development Conference last week. But the commencement of the Gulf war and not some press suspicion that I was going to pre-cook a deal, compelled me, upon consultation with President Aquino, to cancel my trip.

But it is good to stay home, for the view from here—if we turn away for a moment from far away in the East—is fairly auspicious. Our initiatives in our multilateral relations have acquired momentum. When ASEAN accepted in Jakarta our initiative on security, it also agreed to our advocacy of an ASEAN economic treaty to lay the solid foundation for our regional economic integration. The delegations of Western Pacific countries and of Spain were ready to come for our Hispano-Pacific Conference next week, but the Gulf war has caused its postponement.

The same crisis has delayed the next conference in Latin America of one more of our initiatives: the Newly Restored Democracies. But both enterprises are moving forward. When the Hispano-Pacific Conference is held, the Philippines will be assuming a modest lead in the region, to our immediate West, with immeasurable potential for the development of markets [words indistinct] and investors.

In New Zealand, we began efforts for the incorporation of Latin American Pacific nations into the Pacific Economic Cooperation Conference. This June, at the Singapore meeting, we expect our efforts to bear fruit with the admission of Mexico, Peru and Chile.

We have expanded even more our ties with the Islamic world. We have become one of the 119 nations that exchanged diplomatic relations with the state of Palestine. The second pledging session of the Mutilateral Aid Initiative, Philippine aid program, will be held this month. Our bilateral relations advance, with equal momentum, and there is a (sampling?) of their [word indistinct].

Japan has approved our 17th Yen Loan, part of which has already been released. We are pleased that our nationals are helping to pump out the oil that supplies almost all of Japan's requirements, and that our hosting military facilities helped to protect the sea lanes along which that oil is conducted.

Premier Li Peng of China was our distinguished visitor last December, and he was kind enough to assure us of his government's appreciation of our country's economic needs, which include increasing business contacts with Taiwan.

This Sunday we shall receive a delegation of leaders of the European People's Party, the Christian Democrats, who form the largest grouping in the Parliament of Europe. We shall be thanking them for deflecting the malicious drive of extremists, funded unfortunately by European foundations, to discredit President Aquino and Philippine democracy. We shall also be telling them of our concern about the strengthening of EC-Philippine trade and political relations.

Last year I visited with elation the new democracies of Eastern Europe, and the year before that the Soviet Union. My conversations with President Mikhail Gorbachev and the then Foreign Minister Edouard Schevardnadze were fairly extensive. President Gorbachev inherited enormous problems. We have the confidence that he will devise peaceful solutions for all of them, including the current situation in the Baltic republics. We lament the resignation of our good friend Minister Schevardnadze and we look forward to meeting the new foreign minister Aleksander Bessmernyk.

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We are proud to support the move to extend to the Republic of Korea the full status of dialogue partner of ASEAN. We continue the pursuit of our own dialogue with North Korea, boosted by the visit to Pyongyang of Congressmen Jose de Venecia and Miguel Romero, which we hope will lead to eventual mutual diplomatic negotiations.

We have expressed to Singapore our appreciation for its readiness to share the political burden of security in Southeast Asia. We felicitate Indonesia for its leading role in the promising breakthrough last year on a Cambodian settlement.

Malaysia's Trade Minister Datuk Sri Rafidah Aziz called on us last month and was most persuasive in distinguishing her government's new regional economic initiative from the Asia-Pacific Economic Cooperation sponsored by Australia, and already in [words indistinct]. We are appreciative of Malaysia's positive response to our increased needs for oil supplies, for which Brunei and Indonesia are also ready to assist.

Neighborly and border relations are always delicate anywhere in the world, and we look forward to taking our own further steps in warming up even more Malaysian-Philippine conditions.

There is a potent thrust generated by all these multilateral and bilateral endeavors, and it will take us beyond the term of this Aquino administration. It takes us indeed to the end of this century, and we have the necessary booster capacity to lift us to those time levels.

I have already pointed to the elements of that capacity. We are the strategic center of the earth. We are not a receiver nation. We give, and we give [word indistinct]. I will now add two more. We are not a small nation. Should we exclude four obvious giants—China, India, the Soviet Union and the United States, we have the tenth largest population in the world.

Our wealth is not only in our land, it is even more in our water. Our chief legal officer, Justice Jorge Coquia, an expert on the Law of the Seas, reminds us that within our constitutional archepelagic boundaries, we have five times more water than we have land; and these rich national waters are the second largest in the world, next only to those of our great neighbor Indonesia. No wonder then that when there is a Senate bill elevating fisheries into a ministerial department, it is the chairperson of the Committee on Foreign Relations who files it. For Senator Shahani sees that, recognizing these unexploited dimensions, it is not only valuable for our national development, it is valuable also because it completes our standing before the world.

Are we united enough to take the fullest advantage of this new and powerful extrapolation of what we are? Is that image at EDSA [Epifanio delos Santos Avenue], of that Lady of Peace who united us in those four days of February 1986 really [words indistinct]? Does that Lady really transcend the divisions of our culture? I think she does. Let us listen to what a holy book says about her: Behold the angel said, Oh Mary, Allah has chosen thee and purified thee, chosen thee above the women of all nations. That holy book is the muslim Koran. Thankyou.

Pro-Iraqi Radicals Plan Attacks on U.S. Sites

HK0102121991 Quezon City Radyo ng Bayan in Tagalog 1200 GMT 1 Feb 91

[Text] The military disclosed that pro-Iraqi radicals plan to attack a big U.S. base and three other small facilities in the Philippines. Armed Forces of the Philippines Chief of Staff Lieutenant General Rodolfo Biazon said that two pro-Iraqi groups plan to stage simultaneous attacks on U.S. targets in the country. Biazon enumerated the targets: Clark Air Base in Pampanga, the diplomatic office in Manila, the radio monitoring station in La Union, and Camp John Hay. He said the plan was discovered when the Thomas Jefferson Library bombing failed. An Iraqi national died and another one was wounded in this incident.

Police Help Secure U.S. Base

HK0102055191 Manila MANILA BULLETIN in English 1 Feb 91 p 5

[By Efren P. Molina]

[Text] Balanga, Bataan—Local policemen are helping secure the U.S. naval base in Olongapo City from possible attacks by communist terrorists, Camp Tolentino officers said yesterday. Lt. Col. Enrique B. Galang Jr., chief of Philippine National Police (PNP) command in Bataan, said policemen have been posted around the Bataan portion of the base since the outbreak of the Gulf War lasgte Jan. 17. Galang said the police deployment is a counter-move to a threat of the Communist Party of the Philippines (CPP) to attack US bases in the country if war broke out in the Gulf.

The PNP superintendent said policemen under Capt. Emmanuel Ojeda, senior inspector of the 176th PNP company, took position in strategic locations and formed patrols to deter any attempt to attack the base. He said vital installations in southern Bataan are secured by Maj. Domingo T. Inohaldo, chief inspector of the 165th PNP company, and his men. He said one of the installations is Petron Corp. in Limay town. Galang said the oil firm supplies 65 percent of the country's requirement for refined oil. He said PNP members in uniform were also assigned to protect gas stations all over the province.

Defense Secretary Fidel Ramos said the National Democratic Front (NDF) had sent a mission to Baghdad in Iraq to coordinate with Iraq force on terroristic missions in the Philippines.

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Iraqi Recruiters Ordered Out

HK0102111391 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 1 Feb 91

[By Rey Arquiza of Mobile Unit No. 21]

[Text] Commission on Immigration and Deportation [CID] Commissioner Andrea Domingo issued a warning to five Iraqi nationals recruiting Filipino workers to the Middle East. They were given a month to leave the country. The Iraqi nationals were identified as (Luwai Najib), (Iser Husayn), (Esan Abdul Husayn Mohammad), (Jamil Jalud), and (Abdul Karim Jasim Pidawi). The CID arrested (Pidawi) for illegal recruitment and he is under the custody of Senator Mamintal Tamano. Commissioner Domingo also cancelled the foreign recruiters' working permits. The CID advised them to end their recruitment activities in the Philippines because of the Gulf war. She also ordered the ivestigation of reports that there are foreigners involved in the bombing incident in Legaspi City. Although she did not admit that there are Middle East nationals joining local communist rebels, she said that there is a strong possibility that Middle East nationals are involved in the said bombing.

Foreigners Closely Monitored

HK0102111591 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 1 Feb 91

[By Jennifer Postigo of Mobile Unit No. 18]

[Text] As the Gulf war continues, one of the busiest government officials is Immigration Commissioner Andrea Domingo. We learned that she has to go to the Ninoy Aquino International Airport everyday in order to update her personnel on intelligence reports they receive from the Criminal Ivestigation Commission, National Intelligence Coordinating Agency, ISAP [expansion unknown], Department of Foreign Affairs, NIB [expansion unknown], and the International Advisory Note regarding who among the arriving or departing foreigners need to be closely monitored.

In a coffee forum held at the Alps, Commissioner Domingo announced some of the conclusions of the international community based on these intelligence reports.

[Begin recording in English] [Domingo] Well, that there are really terrorist teams that are being dispatched from Iraq.

[Reporter] From Iraq to Manila?

[Domingo] No, to all over the world. Two, that they may not necessarily be Iraqi nationals. Three, that they may not necessarily be only males because there are also females. Four, that these are well-trained, very athletic young people. They are from the ages of 26 to 34. Five, that they may be using Iraqi passports with visas or with certain serial numbers, or Kuwaiti passports with certain serial numbers; or they may even be using Egyptian passports which were stolen from Egyptian nationals during the Kuwaiti-Iraq takeover. We also know that we are also on the look out for [word indistinct] nationals who might be using East German passports because East German passports after the unification of Germany are now being sold, although they are invalid, they are still being sold as souvenir items. We also know that there are 50 Mauritian passports that might have been sold to the terrorists. So, although it sounds very general, when you go and [words indistinct], and see the restrictions from all the other countries, you have a more or less accurate view of who might be a terrorist and who might come in for undesireable activities in the country. [end recording]

Foreigners Need Entry Clearance

HK0102124591 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 1100 GMT 1 Feb 91

[Text] Foreigners without special clearance cannot enter the Philippines even if they have visas. This was announced by the Commission on Immigration and Deportation Commissioner Andrea Domingo and Foreign Affairs Secretary Raul Manglapus. According to them, foreigners should avail themselves of a special clearance otherwise they will be refused entry. This is an additional security measure. Those who do not present the special clearance could be deported.

Entry Restrictions Enforced

HK0102061991 Quezon City Radyo ng Bayan in Tagalog 0500 GMT 1 Feb 91

[Text] The government has tightened up the entry of Iraqis and Arabs into the country. In an interview with Radyo ng Bayan, Justice Secretary Franklin Drilon said this is one of the measures to prevent terrorists from entering the country. He said that the National Security Committee is now enforcing the restricted national policy on Iraqis, Jordanians, and Palestinians. These nationals must apply for a visa at the Philippine Embassies in their countries before they are allowed to enter Manila:

[Begin Drilon recording] I have given instructions to the Commission on Immigration and Deportation's chief, Commissioner Andrea Domingo, that the visas of the remaining Iraqi nationals who are in the recruitment business should be canceled so that they can return to their country, because the way it looks, none of our countrymen could be recruited now for Baghdad because of the war there. So, their presence here is pointless. As a precautionary measure and in relation to the war, they should return to their country, Baghdad. I have not received a report from Commissioner Domingo, but I think this is now being implemented. [end recording]

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DND Says U.S. Using Bases for Gulf Operations

HK0102111191 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 1 Feb 91

[Text] The Department of National Defense [DND] claims that the United States is using its military facilities in the Philippines for indirect operations in the Gulf but added that this does not violate the current Republic of the Philippines [RP]-U.S. bases agreement. Jojo Ismael has the details:

[Begin recording] Defense Undersecretary Feliciano Gasis appeared before the Senate Committee on Foreign Relations, headed by Senator Leticia Shahani. He said that the United States informed the government of the arrival of U.S. ships in Subic en route to the Persian Gulf. The war ships stopped for refuelling, but this is not a direct use of the military facilities in support for the Gulf war. Thus, there is no need for consultation as stipulated in the RP-U.S. military bases agreeement. Gasis also assured that the United States cannot use Clark and Subic for any missile attack against Iraq. [end recording]

Aquino Assailed for Stand on Troops Deployment

HK0102053691 Manila PHILIPPINES NEWSDAY in English 1 Feb 91 pp 1, 2

[By Ros Manlangit, Mariquit Almario, Fidel F. Asor Jr., Danilo F. Lucas, Jessica Domingo, and Diony Tubianosa, NEWSDAY reporters; and Efren Dayauon, NEWSDAY correspondent]

[Excerpt] Senator Ernesto Maceda yesterday questioned President Aquino's competence to decide on matters of national policy after she brushed aside a resolution filed by five senators last Tuesday proposing that a battalion of military engineers be sent to the Middle East to support UN-backed operations there.

A Malacanang report, however, said that while maintaining the present policy of a non-military contribution to the U.S.-led coalition's war efforts against Iraq, the President did not discount the possibility of any change in the policy if the national interest should so dictate.

Reading the President's response to a media query about what government would do if Saudi Arabia formally requests a Philippine military engineering contingent, President Spokesman Adolf Azcuna said a policy change "is very possible, because of course of the high esteem and regard that we give to the government of Saudi Arabia, but there are other factors like our ability and resource capability to make such contributions."

"A real President would have asked the Department of National Defense and the Department of Foreign Affairs for study and recommendations since it is a matter of highest national policy consideration," said Maceda in a press statement yesterday.

Maceda said Mrs. Aquino's response betrayed the government's unpreparedness in almost all important issues.

"It seems we are only prepared for one thing—follow the orders of the International Monetary Fund to increase oil prices, taxes and electricity rates."

Maceda defended the proposal to send military engineers to the Gulf saying it was meant to help the Aquino government "salvage a negative international image" brought about, he said, by its "half-baked flip flopping stance on the United Nations resolution that preceeded the Gulf war.

In the Senate resolution which Senators Joseph Estrada, Alberto Romulo, Ernesto Herrera and Edgardo Angara also supported, Maceda said that Philippine military deployment to the Gulf shall reinforce the country's stature in the international community and strengthen future diplomatic initiatives.

"Are Pakistan, Bangladesh or Nigeria richer than us?" asked Maceda to emphasize that the Philippines cannot cite financial constraints as a reason to reject the proposed troop deployment to the Gulf. He said the government in fact had already asked financial help from Saudi Arabia to maintain a 200-man Filipino medical contingent which has been the country's only share in the allied effort so far.

Maceda said Mrs. Aquino's statement that the country "is not prepared" to commit military personnel to the Middle East amounted to a statement that the government was not prepared in many respects. "It seems we are not prepared to sell government cars ... to rebuild Baguio City and Dagupan ... to suspend the Tarlac governor for graft ... to stop gambling ... or to discipline (presidential) relatives," said Maceda.

"It is time for the President to prove to Cardinal Sin that she is not a 'poor woman' who is not prepared to make presidential decisions," he added. "As Rene Requiestas (the actor), a Malacanang favorite, would put it—masyado tayong nabakla sa isyung ito [we have become too wimpish on this issue]."

Speaking for Mrs. Aquino, Azcuna said that the President is also amenable to expanding the medical mission "if there are initiatives that are sent from the Senate, then we will study such proposals." Azcuna added that "we would probably have to question whether they (Saudis) need engineers there. In the first place there are a lot of Filipino engineers there ... and contractors."

"Well, if some other form of contribution would be better suited, if we are supposed to, or intend to augment or add to the medical mission," he added.

Meanwhile, about 629 Filipino workers in Saudi Arabia will be repatriated following assurances made by their Saudi employers that they would be rehired when the war is over.

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Labor Secretary Ruben Torres said 229 of these workers are expected to arrive today on a Cathay Pacific flight from Dubai in the United Arab Emirates. Other chartered flights are being negotiated for the remaining 400 Filipino workers staying at the Philippine embassy in Riyadh. [passage omitted]

NPA, NDF Divided on Gulf War Support

HK0102063891 Manila THE MANILA CHRONICLE in English 1 Feb 91 p 9

[By Manny Mogato]

[Text] The alleged trip to Baghdad in December by communist leader Luis Jalandoni to offer the services of the New People's Army [NPA] for sabotage operations against American facilities in the country has sparked a serious debate among communist party leaders, a declassified intelligence report said.

Philippine National Police director-general Cesar Nazareno said the communist party's central committee appeared to be split on the question of who to support in the Gulf War.

Moderates led by detained NDF [New Democratic Front] leader Satur Ocampo reportedly want a ceasefire and a halt to terrorist operations to pave the way for a new round of peace talks with the government.

The radicals, on the other hand, want to exploit the situation and intensify tactical initiatives on American and government targets in the metropolis.

The intelligence report, which apparently came from deep penetration agents in the communist party organs, claimed the guerrillas "were at a loss as to the tactical operations appropriate against government targets during the crisis period."

It appeared that the moderates had asked the rebels to review the situation before taking military offensives.

The bombing of a bridge in Quezon and that of two radio stations in Bicol and Cotabato provinces, however, indicated that there were rebel groups that adhere to terrorism despite orders from their leadership to exercise restraint.

Panel Wants Criminal Jurisdiction Under MBA

HK3101080891 Manila THE MANILA CHRONICLE in English 31 Jan 91 p 7

[By Marie Rose Feliciano]

[Text] The Philippine panel will call for the abolition of the official duty certification, a device which enables erring U.S. servicemen to escape Philippine court jurisdiction, during negotiations that will forge a new Military Bases Agreement [MBA].

"We don't want to recognize official duty certification. We want to end the regime of the duty certificate," sources close to the panel said yesterday.

The sources added that the Philippines wanted to abolish the Criminal Jurisdiction Implementing Committee (CJIC), which usually fails to settle disputes on whether the Philippine or U.S. authorities have jurisdiction over an erring U.S. serviceman.

The CJIC is composed of Filipino and American representatives each with the equal number of representation. Since both sides have the same number of members, the meetings usually end with a deadlock, thereby not resolving the question of jurisdiction.

Before the Mendez-Blair agreement in 1965, the final authority which has the power to settle disputes of this kind was the justice secretary.

Under the present setup, the U.S. could have jurisdiction over erring U.S. military personnel if U.S. base authorities would issue a duty certification proving that the crime was committed while the serviceman is performing an official duty. The U.S. will also have jurisdiction over erring personnel if the crime involves only American personnel.

The Philippine panel during the third and fourth rounds of the bases talks stressed that Philippine laws should be applied inside the military bases. Government spokesman Rafael Alunan said that the issue on criminal jurisdiction is very important since this is the essence of Philippine sovereignty.

A U.S. embassy official, who gave a briefing on this issue yesterday, said that the U.S. has this same arrangement with 30 other countries. If they will give in to the Philippine position, he said it would not take long for these other countries to demand for changes in their MBA.

The official added that while it is true that the CJIC usually has the same number of Filipinos and Americans as representattives, the cases were not all deadlocked and that out of court settlements usually take place. He said there were very rare instances where no resolutions were obtained during CJIC meetings. "We really cannot compromise our worldwide position. This is an important element," U.S. Spokesman Stanley Schrager, who was also present during the briefing, said.

The U.S. embassy official added that only half of 1% of the U.S. servicemen were involved in criminal or civil proceedings. These cases, he said, were usually fraud, theft, oral defamation and other not so serious crimes.

U.S. personnel involved in such crimes are put on "international hold" preventing them from travelling outside of the Philippines. "The rumors that they (erring servicemen) are spirited out of the country are wrong. It does not happen," the U.S. official said.

Since 1986 to 1990, the U.S. official said there was a decline in the number of cases filed against seervicemen in Clark Air base and Subic Naval Base. In 1986, there were 737 cases filed against servicemen while there were only 312 filed in 1990. In cases where U.S. duty certification were issued, there were 24 in 1986 as compared to the 16 in 1990.

Cardinal Sin Sets Rules of Presidential Politics

HK0102074791 Manila THE MANILA CHRONICLE in English 1 Feb 91 pp 1, 8

[Analysis by Amando Doronila]

[Text] At a time when there is no clear frontrunner in the presidential sweepstakes, Jaime Cardinal Sin has made a provocative move to break the political stalemate and to crystalize the issues leading to the 1992 campaign. In an interview with Reuters last Saturday, Cardinal Sin, in one sweep of bold brushwork, defined the ground rules of the coming presidential politics and the arena of political change.

In doing so, he provoked a storm over the role of an interventionist church in politics by expressing preference for the executive secretary, Oscar Orbos, for the presidency. The Cardinal indicated that he favored the "infusion of young blood in the veins of the nation," and said, "I feel that Orbos is becoming very popular. A young man, he will be 42 in 1992, the legal age is 40. So since he is now very popular and it seems he is a man of action, I do believe that he might be the one."

Such intervention by the Roman Catholic Church is a fact of life in Philippine politics. And this interventionist posture has been enhanced by the politically active role taken by Cardinal Sin, beginning with mobilizing popular opposition against the Marcos regime. The Church was one of the key actors responsible for the overthrow of the regime. The intervention of Cardinal Sin in the current presidential politics therefore comes as no surprise. It is a reassertion of that role, done with the full knowledge of the Church's influence over the shape of political events.

Whether Cardinal Sin, in his interview with Reuters, crossed the line of proper relationship between the Church and State, is a matter of perception influenced by political circumstances. When the Catholic hierarchy abandoned its "critical collaboration" policy with the Marcos regime and shifted open support for the opposition, especially during the February 1986 snap election, there was general acclamation for the intervention because of the widespread unpopularity of the regime. So, today, the issue really is whether the people, who are at their wits' end looking for guidance in the search for a new political leadership, find the Cardinal's intervention acceptable. It is this perception that counts in shaping public opinion and in determining the course of events—not the doctrinal and legal discussions over the relationship between the Church and State.

In his interview, the Cardinal did more than indicate an inclination for Mr. Orbos. As well, the Cardinal (1) said President Aquino could not run for reelection because this would contravene the spirit of the Constitution; (2) knocked back the presidential aspirations of elderly and the traditional politicians; (3) pulled the rug from under the candidacy of another woman; and (4) defined the criteria in electing the next President—integrity, honesty and performance.

Reuters has lent me the tape of the interview and I am reproducing the relevant excerpts.

On President Aquino:

"She has done so much (in restoring democratic structures). Now she has to run for one term, so she cannot run again because that is the spirit of the Constitution. And there are so many legal minds who say that she can run but the spirit of the Constitution is that she should not run because even the constitutional commisson extended (her term) for three months in order to meet the requirement of the date of the election. So, for me, she should not run, but according to her, she will not run. She's eager to finish her term.

" ... She believes that she is just a transitional leader. But what can you expect from Mrs. Aquino. She is just a mere housewife and she was not trained to lead. But she is able to do something .... Now, maybe in the next election, we will have a man trained to lead the country and he will restore the economy."

On traditional politicians and the need for young blood:

"I think the future of the country is bright, very bright because the country has very rich natural resources, only that our management was poor. We should search for someone who is good in envisioning the future because now the (democratic) structure is there. This one should be the one to start the interior decoration of the country.

" ... I think the (next president) should be a young blood. He should infuse young blood in the veins of the nation. I think that is very important because the traditional politicians are already affected but the young ones are full of nobility ... We should train young leaders. If they are very old, then maybe they are already tired of doing something.

On another woman president:

"I believe that right now people are talking there is another woman who is very strong. But I don't know if they will choose another woman. I think there should be alternation—a continuous exchange because it cannot be all the time women."

On the criteria for the next president and the role of the Church in politics:

"We will find out who among them (the presidential candidates) is the best, based on integrity, honestry and performance, and then we will see to it that the man

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wins." "Of course, I cannot speak publicly because I am a clergyman but I am also a Filipino. It does not mean that when I became a priest I lost my citizenship. No, I am a Filipino and I cannot vote maybe publicly but I can vote whisperingly. Separation between Church and State is not isolation. It is like a railroad track. It cannot be close to one another; neither can it be distant from one another because then there would be derailment. But this separation is collaboration because we have the same constituents and this collaboration could be critical. Now I may call it critical solidarity."

"The Church should not be engaged in partisan politics because the moment it marries a political system the Church becomes a widow in the next generation."

This political statement has now created political waves. It is setting the agenda of debate on presidential politics and the norms for selection. It has put the weight and influence of the Cardinal, himself, as well as the institutional church, behind his perceptions and definition issues.

It could set the way for the emergence of a dark horse in a landscape filled with vestiges of traditional politics. In one stroke, the Cardinal tried to block any move for Mrs. Aquino's reelection, damaged the chances of Miriam Defensor Santiago's presidential ambitions, shot down those of the traditional politicians and opened the path for the entry of a new generation of leaders. From today, the political stalemate in the search for the new president will begin to crumble.

Army, Police Clandestine Group Confirmed

HK0102063991 Manila DWIZ Radio News 882 in Tagalog 0400 GMT 1 Feb 91

[Text] Police intelligence authorities confirmed the presence of a clandestine organization comprising members of the Armed Forces of the Philippines [AFP] and of the 120,000-man newly created Philippine National Police [PNP] nationwide.

In this regard, the Department of National Defense said any fraternal organization not recognized by the Armed Forces is deemed illegal.

Senior Superintendent Wilfredo Cruz, PNP Security Group commander, said that the Coalition of Officers in the Police Service, or COPS, which is headed by former Constabulary Intelligence Unit commander Colonel Fidel Lahom, has been recruiting members from the PC-INP [Philippine Constabulary-Integrated National Police] since 1989. In his report to PNP Director General Cesar Nazareno, Cruz said Lahom's group has been meeting with members of the Guardians Brotherhood, an organization comprising military officers and men which was earlier dismantled by the armed forces. Earlier, several Guardian founding members were arrested by joint police and military operatives after they attempted to cart away hundreds of high-caliber guns from the AFP Medical Center in Quezon City.

City Increases Security After Bomb Threats

HK3101080491 Quezon City MALAYA in English 31 Jan 91 p 6

[By Florencio Narito]

[Text] Legazpi City—The Philippine National Police [PNP] yesterday tightened its security in this city following renewed bomb threats, a day after a provincial radio station here was bombed injuring an employee and causing extensive damage to the office.

Capt. Joel Regondola, Legazpi City PNP chief, said he had fielded uniformed policemen to the various radio stations and telecommunication offices to secure these vital establishments from possible terrorist attacks.

Regondola said a male caller, who identified himself as a member of the Albay-Daraga Front War Games Committee, rang up another radio station, the government's Bureau of Telecommunications and the Philippine Long Distance Telephone Co. and threatened to bomb these offices.

Ariel Ayque, DZGB production manager, said the male caller rang up the station at 5:30 a.m. telling him that his station will be the next bombing target.

Meanwhile, the Kapisanan ng mga Brodkaster sa Pilipinas, Albay-Legazpi chapter, led by Frank Altea condemned the bombing of DZRC saying that the act was a serious threat to press freedom.

Policeman, 3 Rebels Killed in Basilan Encounter

HK0102054391 Manila MANILA BULLETIN in English 1 Feb 91 p 8

[By Tony Rimando]

[Text] At least three suspected rebels and a member of the Philippine National Police (PNP) were killed last Monday during an hour-long gunfight in a mountain village in Malus town Basilan, a belated military report said here yesterday.

Also in Basilan, a Yakan bandit gang raided recently barangay Punta Manpanggal in Tuburan town, killing two young sisters and wounding many residents.

PNP Regional Director Roger Deinla identified the slain policeman as Akadi Sahial of the 469the PNP Company and one of the slain rebels as Ilang Basirul of the Moro National Liberation Front [MNLF] "Lost Command."

In his report to PNP Director General Cesar P. Nazareno, Deinla said troops of the PNP Company led by company commander alhari Uddin were returning to the town proper from a patrol mission when they encountered a group of 10 heavily armed dissidents in barangay Upper Banias.

A gun battle ensued, resulting in the killing of the three MNLF members and the policeman.

Deinla said the government troopers recovered three highpowered guns from the slain rebels whose companions later fled towards a nearby forested area.

The fatalities in the Tuburan attack were Diana Baton, 12, and her younger sister Punding.

The wounded were taken to a government emergency hospital in nearby Lamitan town.

Police Arrest 2 'Suspected' Rebels in Nueva Ecija

HK3101131791 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 1100 GMT 31 Jan 91

[Text] The Philippine National Police arrested two suspected members of the New People's Navy in Nueva Ecija. They are Demetrio Santiago of Barangay San Fernando Sur and George Sabastian of Barangay Santa Risa, Cabiao Town. Confiscated from them were one M-16 (Shipper), a .38 caliber gun, a homemade gun, and an automatic rifle. Santiago and Sebastian are detained in Cabiao and undergoing thorough interrogation.

3 'Alleged' NPA Leaders Surrender in Cotabato

HK0102053991 Manila MANILA BULLETIN in English 1 Feb 91 p 5

[By B. Reblando]

[Text] General Santos City—Three alleged leaders of the New People's Army (NPA) in Maasim town, South Cotabato, surrendered yesterday to Army Maj. Douglas Samera, 37th Infantry Battalion [IB] commander.

Samera identified the three leaders as Evaristo Sato Lapinid, 34, alias "Commander Gil" or "Nanding," district guerilla unit (DGU) III chief front 73 of the Communist Party of the Philippines-NPA-National Democratic Front and his finance and logistic officer, Marilyn Roda Rosiana, alias "Ka [comrade] Rema" or "Ka Aying," 19, and Narciso Daiana, alias "Ka Janggo," liaison officer.

The rebels who yield their Armalite rifles and hand guns reportedly took part in the 1984 massacre of 25 civilians, including women, policemen, and militia men in barangay 7 Hills in Maasim and various armed clashes with soldiers.

Naponid described the hardships of the rebels in the mountains without the support of the masses.

Samera said the surrender of the three rebel leaders, made through the efforts of Capt. Eduardo Andes, 37th IB intelligence officer, and local officials of Maasim has "virtually broken the backbone of the NPA in Maasim and nearby towns of the T'bolis and Kiambas".

Police Arrest Five Communist Rebels in Raids

HK0102062591 Manila MANILA BULLETIN in English 1 Feb 91 p 4

[By Jerry Lacuarta]

[Text] Camp Olivas, Pampanga—At least five suspected members of the New People's Army (NPA) and the Hukbong Magpapalaya sa Bayan [Freedom Fighters of the Nation] (HMB) have been captured in separate raids conducted by police in Pampanga and Nueva Ecija, police officials said yesterday.

Brig. Gen. Manuel F. Bruan, Central Luzon Philippine National Police (PNP) director, identified the suspects as Maximo Santos alias "Ka [comrade] Longke," and Edgardo Santos, alias "Ka Elmer," both of Sta. Cruz, Hagonoy, Bulacan and alleged members of the NPA fishermen organizing section (FOS) under Danilo Buenavista, alias "Commander Desto," of Saplad, Macabebe, Pampanga.

The others were Demetrio Santiago, alias "Ka Jeorge," and Virgilio Tecson, all of Cabiao, Nueva Ecija, alleged leaders of HMB in that town.

One Ruben de la Cruz was also arrested during a raid on his house in Cabanatuan City, Bruan said.

The Santoses were captured by elements of Pampanga police operatives led by Maj. Jose Marlowe Pedregoza during a raid of their houses. Maximo carries a price of P30,000 for his head while Edgardo has P15,000. Confiscated from them were two .38 caliber revolvers.

The raids in Cabiao led by Capt. Igmideo Cruz and Lt. Edgar Ycoco also yielded one M-16 rifle, one homemade .38 caliber revolver, one .38 caliber automatic rifle, one homemade shotgun, and hundred rounds [as published] of ammunition.

The seized firearms, Bruan said, were allegedly manufactured at the house of Santiago.

Seized at the house of De la Cruz in Cabanatuan by the raiders led by Lt. Soriano were 31 pieces of homemade dynamite, three small bags of cyanide and other paraphernalia used in making explosives. Judge Johnson Balutay issued a search warrant to the law enforcers.

Court Releases Wife of NDF Officer Ocampo

HK3001031591 Manila PHILIPPINES NEWSDAY in English 30 Jan 91 pp 1, 2

[By reporter Dario B. Agnote and correspondent Madelynne Dominguez]

[Text] Carolina S. Malay-Ocampo, high ranking officer of the National Democratic Front [NDF] and wife of Satur Ocampo, top ranking NDF officer, was yesterday ordered released from detention by the Makati Regional Trial Court [RTC] for humanitarian reasons.

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The order came despite the position taken by Defense Secretary Fidel Ramos, to the effect that her release would allow her to resume her activities "which are inimical to national security." Ramos was not available for comment.

Judge Manuel Cosico of the Makati RTC issued the order granting the motion of Amo V. Sanidad, counsel for Malay, to release his client for humanitarian reasons so that she could take care of her two young children. Malay was arrested by military intelligence operatives in Makati on July 27, 1989 together with her husband, Satur Ocampo, and has since been detained at the maximum security cell in Fort Bonifacio.

In their motion, Malay's lawyers cited Letter of Instruction No. 621 issued on October 27, 1977 allowing the temporary release of a detainee for humanitarian reasons. "There can be no other greater humanitarian consideration or ground as basis for the release of Malay other than the need of their children for maternal love, care and support during their early years," Sanidad said in his motion filed before the court last January 9. Sanidad also said that Malay wanted to seek gainful employment upon her release to support her children and her husband's needs while in detention.

While the couple was under detention, their children, S[illegible]is, 18, and Antonio, 16, were under the care of Malay's parents who, according to Sanidad, are now "retired from their profession and are already beyond 70 years old" making it difficult for them to care and support their grandchildren.

The Malay couple was arrested by a unit of the National Capital Regional Security Command (NCRSC) PC/INP [Philippine Constabulary-Integrated National Police] Security Group (PC/INP SG) led by Capt Jacinto Tordel while on board a car along Zobel Street in Makati in 1989. Seized from them were a .45 caliber automatic with five rounds of ammunition, and a .38 colt (paltik) with six rounds of ammunition which led to the filing of charges of illegal possesion of firearms in furtherance of rebellion against them.

Judge Cosico told NEWSDAY that one reason he granted the release was the mere fact that the government itself has not objected to Malay's motion.

Ramos earlier said, "It should be stressed that she had not given any indication that she has given up the violent struggle against the legitimate government."

Ramos explained that Malay is facing four serious criminal charges before three branches of the RTC in Metro Manila. "These are violation of PD [Presidential Decree] 1866 or illegal possession of firearms in furtherance of rebellion before Branch 136 in RTC Makati, kidnapping with serious illegal detention before Branch 88 in RTC Quezon City, kidnapping with serious illegal detention before Branch 104 in RTC Quezon City, and murder before Branch 104 in RTC Quezon City," said Ramos, adding that "each of these crimes of which she is charged is not bailable when the evidence of guilt is strong."

In the case of Malay and her common law husband Ocampo, Ramos said bail had not been recommended by the prosecutors. "Therefore to allow bail to Ms Malay would not be consistent witht he law. At the same time it would open the floodgate to criminal offenders similarly situated to invoke the Constitutional provision on equal protection for their release."

More on Release of Leader's Wife

HK0102095591 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 1 Feb 91

[By Jennifer Postigo of Mobile Unit No. 18]

[Text] Quezon City Regional Trial Court Judge Tirso Velasco approved the petition for release submitted by Carolina Bobby Malay Ocampo through her counsel. In a directive, Velasco said that he converted the petition for release into a petition for bail. The wife of National Democratic Front leader Satur Ocampo will be released on a bail of 50,000 pesos. Judge Velasco said his first consideration in approving the petition is that the couple has two children who are both under age and need their mother's care. He cannot use the letter of instruction issued during the Marcos era, which Judge Maximiano Asuncion used as a basis. The accused still needs to post bail. Before Carolina Malay Ocampo is temporarily released, the decision of Judge Jaime Salazar of the Quezon City Trial Court Branch 103, is needed. There is a kidnapping case filed against the couple in his office.

Senate Should Fight IMF-Imposed Policies

HK0102053891 Manila PHILIPPINE DAILY INQUIRER in English 1 Feb 91 p 4

[Text] Any doubts lingering in the public mind about the International Monetary Fund's (IMF) stranglehold on the administration must have banished with our negotiators' capitulation to the "conditionalities" imposed by the Fund for the release of more than $700 million in fresh foreign loans.

To win the IMF "seal of good housekeeping," the administration has agreed to pursue the import liberalization program and free- market policies, including a "free-floating" interest rate. Under the so-called Economic Stabilization Program (ESP) submitted to the IMF board, the government also pledged to reduce the budget deficit by cutting down expenditures and levying a nine-percent tax on imports and scrapping the fuel subsidy for the National Power Corp. (NPC) or (NAPOCOR).

Clairvoyance is not required to predict the effects of the ESP. The program itself identifies one of these: an immediate increase in power rates. This will be followed by higher prices of a broad range of consumer and industrial items. To reinforce the price spirit, imported inputs like fertilizer will become more expensive because of the higher levey even as the cost of money remains high with unregulated interest rates.

On a longer term, these three factors will combine to drive many businesses and industries to bankruptcy. Particularly hard put to survive will be local industries producing items that can be brought in under import liberalization program. In due time, the ranks of the unemployed should swell even as families struggle to cope with rising prices.

Cause-oriented groups have also warned that the government is likely to sacrifice social and other public services with its commitment to cut down public expenditures. And various government departments, including the Department of Health (DOH), have said this is likely to happen.

How these policies and measures were put together and labelled as a stabilization program is surely one of the most bitter ironies the administration has tried to peddle.

Until he left for Washington to submit the ESP (Economic Stabilization Program) to the IMF board, Finance Secretary Jesus Estanislao refused to share the details of the program with members of the Senate. But again it is a measure of the administration's subservience to the IMF that it would even throw out of the window its oftstated policy of transparency.

In one of his rare appearances on the Senate floor, Sen. Joseph Estrada on Wednesday accused Estanislao and Central Bank (CB) Gov. Jose Cuisia of treason for selling out the country's interest. Estrade also accused the administration of "deceiving" the public about the ESP.

On most other occasions, such harsh terms would be exaggerations. But in this instance, Estanislao and company fully deserved them. For not only have they failed to inform the people about matters affecting their interests, they have also committed the government to a course that will surely affect their economic well-being.

On Estrada's motion, the Senate passed a resolution calling for the investigation of Estanislao and other economic officials who negotiated the ESP. But our senators should go several steps farther, first by declaring their opposition to the IMF conditionalities, and then adopting such measures as would invalidate the commitments unilaterally made by the Executive Branch.

Eximbank Guarantees $80 Million Loan to DBP

HK3101080291 Manila PHILIPPINES NEWSDAY in English 31 Jan 91 p 8

[By Rexie M. Reyes]

[Text] An $80-million loan will be extended by a foreign commercial bank to the Development Bank of the Philippines [DBP] for relending to private sector projects involved in the transportation, communication and energy sectors, DBP senior vice president Manuel Reyes said in a press conference yesterday.

The loan will be made available through a loan guarantee provided by the U.S. Export-Import bank [Eximbank] to a foreign bank chosen by the Philippine government. There are seven banks being considered by the Department of Finance for the U.S. Eximbank loan guarantee, namely, Chase Manhattan, Chemical bank, Citibank, N.A., Dillon Reed, Bankers Trust, Interstate Bank of California, and Manufacturers Hanover Trust Co.

The finance department is expected to come out with chosen bank this February.

At the time, an inter-agency committee has been created to screen the projects which will receive priority under the U.S. Eximbank loan guarantee. The committee is composed of the Department of Trade and Industry, Department of Finance, National Economic and Development Authority, Board of Investments and DBP.

The U.S. Eximbank loan guarantee is just one component of a three-part loan amounting to $125 million. The other components are a $30-million grant from the U.S. Agency for International Development and a $15-million assistance from other U.S. source, Reyes said.

The USAID portion is a grant intended to complement the U.S. Eximbank loan guarantee. The other $15-million portion, meanwhile, is a "semi-grant" to enhance the same projects.

According to Reyes, the loan guarantee from the U.S. Eximbank has been in the works since last year, but negotiations are coming to a close only now.

In addition to this guarantee, the DBP is also tapping other bilateral and multilateral sources of funds for its relending activities to small- and medium-scale enterprises.

The total amount of loans available for relending is roughly $1.0 billion. This amount will be available for relending this year. The bulk of these loans will come from the World Bank, Overseas Economic Cooperation Fund [OECF], Japan Eximbank and the Asian Development Bank.

The World Bank loan has several components, namely the $175-million Industrial Restructuring loan program (IRLP), $150-million export financing program and the $15-million cottage enterprises financing program (CEFP).

Under the IRLP, the World Bank will finance the DBP's relending activities to industries qualified under the old $65-million industrial investment credit program. An addition to the new program is Excel, an export credit financing scheme to be provided by at least 10 countries. These countries are Australia, Switzerland, Germany, United Kingdom, U.S. Japan, Finland, India, Sweden and Canada. The amount of export credit financing available is $175 million.

Loans amounting to $358 million will also be available from the ASEAN (Association of Southeast Asian Nations) Japan Development Fund. This will be financed by the OECF and Japan Eximbank with the $83-million contribution of the Japanese Eximbank ready for disbursement by midyear or even earlier.

Foreign Debt Rises to $28.7 Billion

HK3001031891 Manila BUSINESS WORLD in English 30 Jan 91 pp 1, 5

[By reporter Ma. Gertrudes M. Chavez]

[Text] The country's foreign exchange liabilities rose to $28.698 as of September 1990 or $1.823 billion above their yearago level, Central Bank [CB] data show.

A CB official yesterday said fresh loans in January last year from commercial banks amounting to $713 million boosted the Philippines' foreign debt stock. At present, monetary authorities are working for the release of this loan's last tranche amounting to $115 million.

Another factor, the official pointed out, is the yen's appreciation vis-a-vis the dollar. He explained that since Japan remains the biggest creditor of the country, yen-denominated loans are revalued against the dollar. From end-September 1989 to the same period last year, the yen grew 4.6% against the dollar.

It is estimated that, based on revaluation alone, the yen's appreciation has added about $388 million during the period to the country's foreign debt level. As compared to August last year, the period's foreign debt increased by $288 million, which the CB official attributed to revaluation of currencies from various creditor countries.

Based on CB data, medium and long-term liabilities totalled $23.7 billion while short-term liabilities amounted to $4.7 billion. Of the roughly $28.7 billion foreign obligations, public and private debts accounted for $20.09 billion or about 70%. Government incurred liabilities of $16.89 billion while the private sector had $3.19 billion.

Local commercial banks and the CB have total foreign liabilities of $8.018 billion, slightly up by .15% from the yearago figure of $8.006 billion. Commercial banks accounted for 32.5%, equivalent to $2.6 billion. The CB had liabilities of $5.4 billion.

Red Clause

A component of foreign debt referred to as "red clause" showed liabilities totalling $589 million. Red clause means advances by foreign companies to local manufacturers who, in turn, commit a percentage of their exports as payment.

The data did not disclose the breakdown of creditors and their exposures on a per country basis. But as of August 1990, Japan had the biggest loan exposure of about $8.2 billion. The United States had $6 billion; France, $1.5 billion; and the United Kingdom, $1.2 billion.

The CB data reflected the $1.3 billion debt buy-back initiated last year. To recall, Government was able to obtain $1.3 billion from the International Monetary Fund, the World Bank, and the Japan Export-Import Bank for the country's debt service payments.

Government was able to use part of the funds to retire Philippine debt papers worth $1.3 billion, disbursing about $650 million at a 50% discount. Consequently, Japanese and American banks liquidated a total of $977.77 million of their loan exposures in the Philippines.

Japanese banks sold $531.7 million worth of debt papers; American banks, $446 million; British banks, $102.29 million; German banks, $64.28 million; and Hong Kong financial institutions, $50.72 million.

Thailand

Defector's 'Tip-Off' Leads to Terrorism Alert

BK0102083391 Hong Kong AFP in English 0748 GMT 30 Jan 91

[Text] Bangkok, Jan 30 (AFP)—An Arab terrorist network is on the run after a defector in Thailand tipped off U.S. intelligence, highly reliable sources said Wednesday.

The man, whom the sources refused to identify, revealed details of plans for major attacks against Westerners in the Thai capital.

The tip-off led to warnings from the U.S. and other Western embassies to their nationals about a "credible threat" of terrorist attacks linked to the Gulf war, said the sources, who have been monitoring security precautions in Thailand since the outbreak of hostilities.

It also sparked off a nationwide security operation by Thai authorities which led to the detention of at least five Middle Easterners and requests that several Iraqi diplomats leave the country earlier this month, they said.

According to the sources, the defector, who had been sent here to carry out terrorist operations, approached U.S. Officials and offered to supply details on planned attacks in Thailand and neighbouring countries in return for U.S. citizenship.

One source said intelligence services knew before the defection that Iraq had planned to launch attacks in the region but actual details were not known until the defector gave a detailed account of both the operations and the terrorist network.

Another source said that several suspected terrorists were now "running for cover in Thailand" including at least two men listed on intelligence files.

As the manhunt continued, Thai officials were in the process of making arrangements to send three Middle Eastern terrorist suspects detained here to Jordan via Vienna, the sources said.

Plans were being worked out for them to fly to Vienna on Thursday, they said.

The three, who have been identified as Muhammad Mahmud and Muhammad 'Ali, both from Iraq, and Radi al-Shammari, from Jordan, were taken into police custody on January 21 in the wake of the terrorist warnings.

No charges have been filed against them and they were flown to Kuala Lumpur on Monday but had to return here the same day when they were refused permission to stay in Malaysia.

Austrian embassy officials said they had not been approached by the Thai authorities about plans to fly the three to Vienna.

But they pointed out that no visas would be needed as long as the three only stayed in transit in the Austrian capital.

Four Iraqi diplomats, including two based in Bangkok, left the Thai capital last week at the request of Thai authorities.

According to the sources here, the two Bangkok-based envoys, Commercial Attache Muzhir Razzuqi and Third Secretary Salim N. Nahi al-Jidduri, had been contacted by some of those detained and were considered key links in the planned terrorist operations.

Their departure was followed by a LOS ANGELES TIMES report that Thailand was a "logistics center" in Southeast Asia for Iraqi-sponsored terrorism.

The report was denounced by Thai leaders including Prime Minister Chatchai Chunhawan, who was quoted as saying his country was "not a center of any terrorism movement but a center of tourism."

Thai police are also detaining two other men from the Middle East, one of them an Iraqi caught with a false British passport, and a Jordanian who has overstayed his visa, reliable sources said.

The Jordanian has been identified as Ahmad M.A. al-Nabisi. No name was immediately available for the Iraqi, but one source said the man, believed to be in his 40s, was known to have used several aliases.

According to the sources, U.S. intelligence have been able to see the detained suspects, but one source described the access as "limited."

2 Iraqis, 2 Jordanians Deported

BK3101150391 Hong Kong AFP in English 1438 GMT 31 Jan 91

[Excerpt] Bangkok, Jan 31 (AFP)—Four suspected Arab terrorists have left for Nepal after Thai immigration police put them onboard a Royal Nepal Airlines (RNA) flight here Thursday, immigration officials said.

The four men, two Iraqis and two Jordanians, were detained by Thai police 10 days ago after a terrorist defector gave details of plans to attack westerners in the Thai capital to U.S. intelligence agents based here.

None of the men were charged but sources said two of them are on western intelligence files.

Earlier this week Thai officials put three of the men on a flight to Malaysia but Malaysian officials refused to let them disembark and they were returned to Thailand the same day.

Officials then tried to arrange for them to fly to Amman via Vienna but sources said there were problems booking them on a flight from the Austrian capital to Jordan.

The four were named as Muhammad Mahmud and Muhammad 'Ali, both from Iraq, and Radi al-Shammari and Ahmad M.A. Ashnabisi from Jordan. [passage omitted]

Athit: No 'Relaxation' in Antiterrorist Measures

BK3101134391 Bangkok Domestic Service in Thai 1200 GMT 31 Jan 91

[Text] Deputy Prime Minister General Athit Kamlangek granted an interview to the Public Relations Department's correspondent in Nakhon Ratchasima Province. On the terrorist threat in Thailand, he said so far there has only been reports of it and that nothing has really happened. The government, however, has never underestimated the situation and has been implementing precautionary measures without any relaxation. Policemen and troops supported by security officials are guarding major installations. People living near those buildings have also offered to alert authorities if they see anything unusual. The deputy prime minister said there is nothing to worry about. He wanted the mass media to refrain from presenting any sensational news about Thailand being a center of terrorism, and to instead point out to the public that the situation is normal and that there is nothing to worry about.

Concerning the evacuation of Thai workers from the Middle East, he said that the government has not halted the evacuation, but has been following the plan closely and consistently.

Students React to 'Fabricated' U.S. Terror Claim

BK0102093691 Bangkok MATICHON in Thai 31 Jan 91 p 21

[Text] At 1300 on 30 January, about 30 student members of Mahachon Party in Ramkhamhaeng University demonstrated at the U.S. Embassy against the U.S. fabrication in the 24 January issue of the LOS ANGELES TIMES, which alleged that Bangkok was a logistics center for Iraqi terrorists.

Wirasak Nuthawi, secretary general of the party, said the U.S. action constituted an insult to Thais throughout the country. He said the fabrication appeared to be an attempt to drag Thailand into the Persian Gulf war and to impair the Thai economy. This adversely affected Thailand, and the United States was asked to cease making public such fabricated news.

Army Chief: Stand on Persian Gulf War 'Proper'

BK3101140991 Bangkok Army Television Channel 5 in Thai 1230 GMT 31 Jan 91

[Interview with Army Commander General Suchinda Khraprayun by unidentified reporters on 31 January; place not given—recorded]

[Text] [Suchinda, in progress] We do not know their objectives. But regarding the information about the arrival of Iraqis, the police and foreign sources have reported it. We do not know the motives of these people, or whether they came to Thailand to plan something that would occur elsewhere. We merely wanted to prevent an act of terrorism in Thailand.

[Question] Do you think this is an attempt to tarnish Thailand's image or drag Thailand into [words indistinct]?

[Suchinda] The way it is now, those involved should not be praised. We have no involvement to speak of. Even Japan has pledged $9 billion to support the war. That amounts to involvement. Several countries have expressed their intention to send troops to the war, while some have allowed the use of their territories as military bases. All this has taken place because there are UN resolutions to comply with. Thailand has tried to take a stand, and I feel that this stand is proper—that is, we have avoided major involvement.

THE NATION Views Plans To Aid Muslims

BK3101052091 Bangkok THE NATION in English 31 Jan 91 p A8

[Editorial: "High Time To Look South"]

[Text] The Cabinet on Tuesday assigned Deputy Prime Minister Gen Athit Kamlang-ek to tackle problems facing the four Muslim-dominated provinces in the Deep South and called for an unprecedented exclusive economic and social development plan for the trouble-plagued region.

According to Government House deputy spokesman Chamni Sakdiset, the development plan will be integrated into the Seventh Economic and Social Development Plan, which comes into effect next year.

Of the 2-million-plus Thai Muslims, about 75 percent live in the four southernmost provinces bordering on Malaysia. Dissent comes mainly from the younger generation of intellectuals and the unemployed.

We welcome the Cabinet's decision, especially now when many Thai Muslims in the southern provinces are sympathetic to Iraq in the Gulf War and could use the situation to vent their frustrations. The Kruze mosque issue in May last year was a case in point. Over 10,000 Thai Muslims gathered at the ancient mosque in Pattani to hear diatribes by a few Shiite fundamentalists on government policy about the Kruze mosque in particular and southern Thai Muslims in general.

At that time, it was a clear indication that the socio-economic problems in the Deep South had reached the boiling point. The very fact that though 99 percent of southern Thai Muslims belong to the Sunni sect many of them appeared sympathetic to the Shiite group—the dominant Muslim sect in Iran—indicates the seriousness of their problems and their desperation to use any platform to gain attention.

Many southern Thai Muslims feel they have no part in Thailand's vaunted economic boom, particularly tourism. This feeling is further reinforced with falling rubber and tin prices, which are important commodities to the local economy, and the rise in prices of staple food and consumer goods. Frustrated and helpless, many have turned to spiritual and cultural values, including strict adherence to religious practices common to the Islamic countries in the Middle East.

For Bangkok, concern over the South has long centred around security considerations. There was a certain degree of success in General Han Linanon's Tai Rom Yen (Peace and Well-being in the South) campaign which focused on providing security for people constantly harassed by robbery, extortion and kidnapping by numerous separatist, communist and criminal groups. During that period the Muslim voice in Bangkok grew stronger. Tai Rom Yen was good as long as Han was commander of the Fourth Army region. After General Han retired from the Army, his Tai Rom Yen campaign was replaced in 1988 by the Harapan Baru (New Hope) campaign of then army chief Gen Chawalit Yongchaiyut.

Many Thai Muslims in the South are sceptical about Harapan Baru [New Hope development program] because of General Chawalit's ambitions in national politics. One couldn't help but wonder whether he is just trying to establish a political base in the South with his campaign, which emphasized creating jobs for the rural populace and improving their standard of living through development projects.

In an indirect criticism of Harapan Baru, the Cabinet on Tuesday criticized previous governments for their failure to solve the problems in the South and for prejudice against the southern Muslims. This was indeed a brave admission; Bangkok has finally, though rather belatedly, realized that it has made many mistakes in dealing with southern Thai Muslims.

At present, there are still certain government policies which rankle the Thai Muslim community. The government for example employs very few Muslim teachers in the South's public school system, despite a significant number of unemployed qualified local teachers who are Muslims.

Many of them are systematically denied places in the civil service and the reasons given by Thai officials are that they (the Muslims) go to religious schools for their secondary education and the Middle East for their tertiary studies and they lack proficiency in Thai for entry into the bureaucracy.

This argument does not hold water, as many of these young educated southern Thai Muslims can speak Thai fluently.

We hope the Chatchai administration keeps its promise that Thai Muslim people in the southern provinces who graduate in Islamic studies will be allowed to take examinations set by the Education Ministry and given government endorsed certificates confirming they are Islamic scholars. The Cabinet gave the assurance that the certificates can be used to apply for jobs in the government or private sectors.

It remains to be seen, however, whether receiving education in state schools and universities can help Thai Muslims develop greater loyalty and identification with Thailand. There is always the overwhelming danger that if Thailand's economy and bureaucracy cannot absorb highly-educated Thai Muslims, they could just as well be recruitd by the separatist leadership.

Foreign Ministry Official Meets DPRK Visitor

BK3101143991 Bangkok Domestic Service in Thai 1200 GMT 31 Jan 91

[Text] DPRK Deputy Foreign Minister Cho Kyu-il held an official consultation with the deputy permanent secretary of the Foreign Ministry, Pracha Khunakasem, this morning. Wichian Chensawatdichai, deputy director general of the Information Department, reported that they first took note of Princess Sirinthon's forthcoming visit to North Korea at the invitation of the North Korean Government from 25 to 28 March.

The two officials also exchanged views on the situation in the Persian Gulf. Thailand and North Korea shared similar views on the issue—they support the UN resolution calling for the withdrawal of Iraqi troops from Kuwait and a peaceful settlement of the problem.

Concerning North Korea's plan to open an embassy in Thailand, the Foreign Ministry had no objection to the plan, but will have to study it in detail. Meanwhile, it will take some time for Thailand to open an embassy in North Korea. Thailand supports the reunification of North and South Korea, and it also supports North Korea's membership in the United Nations—no matter before or after the reunification of the North and the South.

The two officials also discussed bilateral economic and trade cooperation. Both sides agreed that the existing joint Thai-North Korean trade commission will play a role in coordinating the work on trade cooperation.

Wan Chansu Turns Down Offer To Visit DPRK

BK0102041391 Bangkok THE NATION in English 1 Feb 91 p A5

[Text] Parliament President Wan Chansu yesterday turned down the North Korean Prime Minister Yon Hyong-muk's invitation for him to attend Pyongyang's parliamentary meeting in April, because "it will be too cold that time."

Speaking to reporters after receiving a visit of the North Korean premier at Parliament, Wan said he did not accept the invitation because the weather in Pyongyang in April would be too cold for him.

The 68-year-old parliament president did not say whether he gave the same reason to Yon when [he] turned down the invitation.

Wan added that the North Korean prime minister informed him that it was highly possible that the two countries in the Korean Peninsula could be reunited.

He said he had congratulated Yon on the prospects of the reunion. Wan also told Yon he was happy for the North Korean prime minister that Pyongyang would open its embassy in Bangkok soon.

Yon was also granted an audience with His Majesty the King after his visit to Parliament.

Suchinda Comments on Military-Government Ties

BK0102020791 Bangkok THE NATION in English 1 Feb 91 p A8

[Excerpts from "exclusive interview" with Army Commander General Suchinda Khraprayun by "a group of senior editors from THE NATION" at Suchinda's home in Bangkok on 29 January]

[Text] [THE NATION] What is your attitude toward the new Chatchai coalition?

[Suchinda] It's the duty of all and military personnel to support the government in power. We have to fulfill this duty promptly because a stable government is vital to the economy and investment. The first thing investors want to find out is whether the government is stable.

However, we want to see not only a stable government, but a good government as well. A bad government that is firmly in control can certainly do much more damage to the country.

This (the new Chatchai administration) just took office in mid-December, it's our duty to help secure political stability to give it a chance. Since it is only beginning to run the country, there is still no negative result. And so we have nothing against it; we are supporting it in every way we can.

[THE NATION] Has the old bad feeling disappeared? You at one time said the military was losing faith in the government and the premier. And this is a new government lead by the same premier.

[Suchinda] Indeed we were losing faith in the previous government because of several things that I would rather not bring up here. As far as we are concerned this is a new government, a new beginning. We have to start with a clear mind without any preconception. We see this new government like a new piece of white cloth.

[THE NATION] Yet isn't there still suspicion and rumours about a military coup against the government?

[Suchinda] Some opportunists are still trying to spread vicious rumours against the military for their own personal interest. They want to create an illusion of self-importance.

[THE NATION] How is the relationship between the military and the new Chatchai administration?

[Suchinda] In fact it is fine, no conflict, no problem. People who don't really know us often misunderstand us. The government leader (the premier) is actually our boss who can always order us to do almost anything. Like today (Tuesday), the premier asked me to join him in welcoming the North Korean premier at the airport. I must go even though I had a previous engagement to preside over the cremation of those army servicemen killed in an explosion in Lopburi. If I could have my choice, I would rather go to the cremation ceremony because this is an important function to boost the troops' morale.

[THE NATION] What was the real motive behind your order to ban all public gathering around Government House last November?

[Suchinda] We were afraid of possible violence and chaos which some opportunists planned to provoke in planning a rally in front of Government House. We couldn't predict what would happen if the demonstrators were aroused. I had to take the preventive action because I am responsible for peace-keeping in Bangkok.

[THE NATION] Some people said the ban constituted a silent coup. What's your reaction to this?

[Suchinda] That's not true. If there were to be a coup, we wouldn't have imposed the ban which alerted everyone to be on guard.

[THE NATION] Were there talks among your subordinates then that there should be a coup?

[Suchinda] No. But I would like to point out that the history of coups in Thailand shows a military takeover of government power was often planned and executed by commanders of combat regiments and divisions who couldn't put up with the political conditions. They thought seizing power was the only solution. Also it should be noted that coups would take place while the military leader was too weak to keep all these commanders in line.

This is why I'm rather concerned when politicians try to consolidate their power by handpicking someone under their control to lead the military. I'm afraid there will be problems in the military when this happens (politicians controlling the military leader).

[THE NATION] Do you think you can keep all these commanders in line?

[Suchinda] I should think so, yes. For if I can't, I wouldn't accept this post (commander of the Army). But I'm still concerned that some politicians may not stop trying to control leaders of all the military branches. And if this attempt persists, I'm afraid there may be problems.

[THE NATION] You have floated the idea of electing senators. Do you really think this will help stop votebuying? Do you have any other suggestions?

[Suchinda] We're all well aware of the fact that a large number of people did buy their way into power. It's also inevitable that many of these unscrupulous politicians will be re-elected in the next general election. When they have power, they abuse it for self-interest, collecting protection fees from underground gambling dens and the like. They can even buy some law enforcement officers who are supposed to close down gambling dens and stop other illegal operations. Now what are we going to do?

Moreover, we have also a serious problem when the general public refuses to accept certain questionable ministers because of their doubtful records. Government parties themselves often can't find enough good people among their members to hold important Cabinet posts. Take for example the defence and commerce portfolios. Now the premier has to double as defence minister and Khun Amaret (Sila-on), an outsider, has to be named commerce minister. Why?

Basically because 10 to 20 years ago most of the good and highly educated people chose to work in the government. Now many of them have risen to high and important bureaucratic posts. They want to do more for the

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government and the country. But they are barred from direct involvement in parliamentary politics by the existing electoral system (in which government officials and military officers cannot concurrently hold political posts; they must resign if they want to run in an election).

Granted that there are a growing number of good and well-educated people [who] have been elected to the House of Representatives. But these young MPs still don't have a chance to assume important posts in government. They have to wait and let veteran MPs, who have money and control some MPs, get Cabinet posts first.

[THE NATION] Do you agree with the idea of separating the legislature from the executive branch?

[Suchinda] This is an old idea; Thailand tried it once during the Thanom administration (in the early 1970s), but still there were problems even though MPs were not allowed to hold Cabinet post.

[THE NATION] Then what do you think will be an ideal political system for our country?

[Suchinda] It should be something that includes a rigorous screening process to stop unscrupulous people rise to power with their money. Cabinet members shouldn't be chosen only from veteran politicians. But I don't really have any definite system in mind.

[THE NATION] Can you elaborate your idea of electing senators?

[Suchinda] I have floated this idea to some academics. I think there should be a higher standard of qualifications for people wishing to stand for election to the Senate. Say for example a journalist must have worked at least 15 years before he or she is qualified to stand for the election; a politician must have been elected to the House at least twice to qualify, etc. This is one way to find highly qualified people who can really supervise or guide a government administration.

In fact I have another idea that the Interior Ministry doesn't quite agree. I would like to see election of all important government posts in the province, from district office chief to provincial governor and police chief. This will be a good learning experience to all people that elections are crucial events that can affect them directly in the long run. We must make all voters see the importance of their participation in the electoral process.

[THE NATION] Is it possible to crack down on local influential people—who are instrumental in buying votes for unscrupulous politicians—with military force?

[Suchinda] No, no. We cannot do that. The military will be accused of using arbitrary power like a dictatorship.

[THE NATION] How do you assess the future of the New Aspiration Party of ex-army chief Gen Chawalit Yongchaiyut?

[Suchinda] Looking at it from a point of view of an individual citizen, I think its emergence represents one additional hope in our society. But we'll have to wait and see how far this party can go. One may have a great deal of good intention, but one may not succeed when running into highly unfavourable conditions.

I have heard that many retired senior bureaucrats have joined the party. Maybe they see this as the only party with some political future for them. We shall see how the party fare in the next election.

[THE NATION] Do you prohibit your men from having any direct involvement in political parties?

[Suchinda] All military personnel are bound by regulations not to get involved in any party. But individually they can become party members. I didn't know this until Maj Gen Thani Seniwong asked for my permission to join a party—he joined the Palang Tham.

[THE NATION] What is your ideal role of the military in national politics?

[Suchinda] Actually the military is part of the government. But a large number of people still see or hope to see us as a counterbalance to the politicians. I think this is wrong; it shouldn't be that way. But I do understand why people have such hope, they just don't know where to turn to for a counterbalance.

[THE NATION] Is the military ready to accept and support a premier who is an elected civilian with no military background?

[Suchinda] I think the present premier is an elected civilian; he left the Army a long time ago.

[THE NATION] But the military still insists on having a military man as defence minister. Why?

[Suchinda] This has to do with our military pride. I think it would be awkward for a 59-year-old general to salute a politician in his 40's who happens to hold the defence minister post. It will take time for this attitude to change. But first the quality of elected politicians must also improve.

'Inefficiency' Could Mean Transfer of NIA Head

BK0102094791 Bangkok NAEO NA in Thai 31 Jan 91 pp 1, 15

[Text] According to a high-level Government House source, Prime Minister General Chatchai Chunhawan mentioned recently to a confidant his wish to replace the director of the National Intelligence Agency [NIA] due to its inefficiency in providing intelligence on important national issues.

The same source said the NIA was not able to supply intelligence to the government, particularly on the attempt in December to pressure and topple the government. The prime minister learned of the attempt from a confidant, not the NIA, and was able to remedy the situation.

There has also been a lack of intelligence on the terrorist threat in Thailand arising from the Persian Gulf war.

The source said: "A change is likely in the next couple of weeks. Deputy NIA director, Major General Kamon Thappharangsi, will be elevated to the post of director; the current director, Gen. Atthaya Phaeophanchon, is aware of his fate.

The Prime Minister's Office can create a grade 11 adviser slot for Gen. Atthaya.

Figures on 1990 Drug Seizures, Arrests Reported

BK0102041991 Bangkok BANGKOK POST in English 1 Feb 91 p 3

[Text] A total of 40,566 suspects were arrested on drug charges throughout the country from January to September last year, the Office of the Narcotics Control Board [ONCB] said.

They included 112 Burmese, 85 Laotians, 79 Nigerians, 59 Malaysians, 14 Chinese, 11 Americans, 11 Britons, 8 Germans, 6 Vietnamese, 5 Saudi Arabians, 5 Japanese and 5 Italians.

The narcotics seized from all of the suspects included 78,835 kilos of marijuana, 815 kilos of heroin, 688 kilos of opium and 36 kilos of amphetamines, ONCB officials said.

Substitute crops have been planted in most of the plantations where opium was formerly grown in Thailand, ONCB Secretary-General Chawalit Yotmani said. Pol Lt-Gen Chawalit said, however, he is concerned that raw materials for narcotics drugs are still available in large quantities in Burma and Laos.

There are still narcotic trafficking routes through Thailand although there are now more routes through China and India, he added.

Lt-Gen Chawalit and other senior officials yesterday briefed Deputy Prime Minister Athit Kamlang-ek, who is chairman of the ONCB, on the office's drug suppression.

The ONCB's responsibilities include eliminating drug plantations, suppression of drug trafficking, participating with other anti-drug agencies to destroy narcotic plants and cooperating with Laos and Burma on drug suppression.

Lt-Gen Chawalit said the ONCB has received good cooperation from other agencies such as the Police Department, Customs Department, the Armed Forces and the Food and Drugs Administration.

Gen Athit said after the briefing that he intends to encourage treatment of drug addicts as well as drug suppression.

"This is because narcotics have greatly undermined human resources in the country," he said, adding that he did not want Thailand to be a place where narcotics are produced, traded and abused.

The Deputy Prime Minister also said ONCB officials and police would set up checkpoints for random urine tests of drivers in a campaign against the use of amphetamines.

Anyone found with amphetamine traces in their urine would be charged with reckless driving under the Land Transport Act, Gen Athit said.

In addition, operators of petrol stations have been asked not to get involved in the amphetamine trade, he said, adding the operators have so far cooperated well.

Economic Ties With Indochina Set To Improve

BK2601055191 Bangkok THE NATION in English 26 Jan 91 p B1

[By Atchara Pongwuthitham]

[Text] Thailand will increase economic ties with its three Indochinese neighbours following the Cabinet's approval on Tuesday for opening a commercial counsellor office in Hanoi and a trade representative office in Phnom Penh.

The new trade offices will coordinate with Thai Embassy in Laos to improve commercial relations there.

Thailand's bilateral trade with Vietnanm, Cambodia and Laos grew five folds in last five years, reaching Bt [baht] 5.24 billion in 1990, according to the Business Economics Department.

According to the department, the open policy of the three countries increased trade and investment opportunities for Thai businessmen.

It complements the government's policy to promote trade in Indochina, its spokesman said.

The establishment of the two trade offices in Vietnam and Cambodia is a part of government's ongoing attempt to get a firm foothold in these potential markets.

Thailand's trade with Indochina grew sharply from Bt938.1 million in 1986 to Bt4.62 billion in 1989 and rose further to Bt5.24 billion in 1990 of which Bt2.04 billion accounted for Thai exports to the area. Imports from the three Indochinese countries increased to Bt3.2 billion last year from Bt2.55 billion in 1989.

Imported items from these countries include timber, pulp, mineral ore, livestock, iron and steel.

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Trade officials however feel that Thailand will continue recording high trade deficits with the three countries because of excessive demand for raw materials from them.

Thai exports to Laos dropped by a slight 6 per cent to Bt1.55 billion. At the same time, its imports declined by 14 per cent to Bt1.1 billion.

The export items to Laos are rice, garments, fabrics, cement, electric fans and chemicals. Imports comprise mostly of raw materials such as timber, pulp and mineral ores.

Exports to Vietnam registered a sharp increase on the other hand, rising by 14 per cent in the tune of Bt475 million last year. Major exports to Vietnam are sugar, jute products, chemicals, motorcycles and plastic products.

Imports from that country also increased by 57 percent, touching Bt1.85 billion.

However, political instability in Cambodia will hamper bilateral trade, the commerce ministry sources say.

But the new trade representative office in Phnom Penh will help Thai businesses to gain inroads into the Cambodian market, they say.

Last year exports from Thailand to Cambodia rose slightly to Bt15 million. The figures do not include illegal smuggling along the Thai-Cambodian border. Imports from Cambodia reached Bt250 million in 1990.

Vietnam

Vo Chi Cong-Led State Council Issues Communique

BK3101162191 Hanoi Domestic Service in Vietnamese 1430 GMT 31 Jan 91

[Communique of the Council of State]

[Text] On 29 and 30 January, the Council of State met under the chairmanship of Chairman Vo Chi Cong.

1. After hearing the Council of Ministers' report on the draft law on coordination in public relations [howpj daan swj] and an investigative report by the National Assembly Judiciary Committee, the Council of State noted that the promulgation of this law is necessarily aimed at increasing state management by law, establishing order and discipline in relation to coordination in public relations, creating an essential legal environment, and stepping up civilian and business activities in the multicomponent economy. The Council of State presented its views for the Council of Ministers, the National Assembly Jucidiary Committee, the Supreme People's Court, and the Supreme People's Organ of Control to continue modifying this draft law before submitting it to the Council of State for approval in the days ahead.

2. The Council of State heard a report by the representative of the Council of Ministers on the implementation during the past 10 years or so of the law stipulating the investigation and settlement of complaints and denunciations lodged by citizens, and the views expressed by representatives of the National Assembly Judiciary Committee, the Supreme People's Court, and the Supreme People's Organ of Control.

During the recent past, thanks to the efforts of all echelons, sectors, and mass organizations and the contributions of people, the law has played an active role in promoting democracy and protecting the legitimate rights and interests of citizens. However, the results obtained still cannot meet the people's aspirations and the requirements applied to this important task.

The prevalent situation at present is a large number of complaints and letters of denunciation that have been passed around among various state organs have not been settled or not ideally settled. Many cases, although settled by competent organs, have yet to be scrupulously observed by responsible agencies and citizens, thus resulting in a lack of support and confidence from the people.

In reality, many questions have been raised in the enforcement of a law that a study must be made to reach a settlement and, if necessary, to promulgate a new law to satisfy the needs arising from the investigation and settlement of various complaints and denunciations lodged by citizens.

After hearing an investigative report of the Judiciary Committee, the Council of State presented its views on the draft law on citizens' complaints and denunciations that has been drafted by the Council of Ministers to replace the law promulgated in 1981.

The Council of Ministers and the National Aseembly Judiciary Committee will continue modifying this draft law and, in the first quarter of this year, will solicit opinions from National Assembly deputies, people's councillors, and the fatherland front and other mass organizations.

3. The Council of State decided on its supervisory program for the first half of 1991 in order to stabilize the price of food grain at the time in between harvests and resolve the difficulties confronting the welfare of workers, civil servants, and members of the Armed Forces. This program is also intended to see to it that the enforcement of various tax laws already promulgated can ensure the collection target for the state budget in conjunction with efforts to fight inflation and promptly and stringently deal with those cases of smuggling among various sectors and localities.

4. The Council of State decided to convene the Third National Congress of People's Councils by mid-March this year in order to review the implementation of the law and the statute governing the organization and operations of the People's Councils at various levels

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since the beginning of their latest term of office. The congress was also convened to draw on experience and point out those issues to be continually guided, revised, or supplemented so the People's Councils, the standing boards of the People's Councils, and other sections of the People's Councils can work more practically and avoid operating just for form's sake.

5. The Council of State decided to confer the Ho Chi Minh Order on the external trade sector and the special force of the People's Public Security Forces for having scored numerous outstanding achievements over the past 45 years, thus contributing to the victory of the causes of achieving national liberation and unification and building and defending the socialist Vietnamese fatherland.

6. As proposed by the chairman of the Council of Ministers and recommended by the National Assembly's External Affairs Commission, the Council of State decided to appoint Comrade Dinh Phu Dinh, deputy minister of trade, as Vietnamese ambassador plenipotentiary and extraordinary to the Royal Kingdom of Belgium.

Workers Return Home From Iraq Through Tokyo

BK3101074791 Hanoi Domestic Service in Vietnamese 1100 GMT 30 Jan 91

[Text] According to a VIETNAM NEWS AGENCY correspondent in Tokyo, 580 Vietnamese workers in Iraq are on the way home aboard two Japan Airlines Boeing 747's. The workers stopped over for five hours the night of 29 January in Narita Airport in Tokyo before continuing the home trip.

Parliamentary Vice Minister of Japanese Foreign Affairs Suzuki Muneo traveled from Cairo to Tokyo with the group, as did officials from the Japanese Ministry of Foreign Affairs and Japanese Ministry of Communications and Transportation. Ambassador Vo Van Sung and many Vietnamese Embassy officials in Japan were at the reception.

During a news conference at the airport after the group arrived, group leader Vu Duy Tu thanked the Japanese Government and its people for working out the group's return.

Speaking to a VIETNAM NEWS AGENCY correspondent, Vice Minister Suzuki stated that if requested, the Japanese Government would be glad to send planes to the Middle East to transport all Vietnamese workers back home. On the next two flights planned for 31 January, there will be eight Thais in addition to Vietnamese workers. The vice minister said Japan would give priority to returning Asian refugees home early.

Ambassador Vo Van Sung, on behalf of the Vietnamese Government and its people, expressed sincere appreciation for the help of the Japanese Government and its people, and thanked the Japanese public for its concern for the Vietnamese workers during the past few days. The ambassador hoped the Japanese Government would help the Vietnamese Government quickly settle the return of Vietnamese workers from Iraq. The ambassador said this is a symbol of the cooperation between the two countries, especially following the visit to Japan by Nguyen Co Thach, vice chairman of the Council of Ministers and minister of foreign affairs.

VNA on Workers' Return

BK3001161491 Hanoi VNA in English 1455 GMT 30 Jan 91

[Text] Hanoi VNA Jan. 30—Five hundred and seventy [figure as received] more Vietnamese workers in Iraq returned in Ho Chi Minh City this morning from Amman (Jordan) aboard two Japanese airliners.

They were among the remaining nearly 1,000 Vietnamese workers in Iraq to be repatriated with the help of the International Organization of Migration (OIM) and the Japanese government.

The representative of the Japanese Embassy in Hanoi was present at the welcome party. Two more flights of the Japanese airline are expected to arrive in Ho Chi Minh City in the near future.

Weekly: 'Flimsy' Hope of Low-Casualty Gulf War

BK3101115191 Hanoi Domestic Service in Vietnamese 1000 GMT 31 Jan 91

[From the press review]

[Text] The weekly DAI DOAN KET carries a commentary by Nguyen Khac Thin headlined: "Will the Gulf War End Quickly, or Will It Drag On?" The commentary reads in part:

The war has erupted. The problem now is how to contain it in a given place and time without allowing it to drag on and expand. This is the desire of all the people, even though there are different motives behind this.

If in the coming days the casualties of both the United States and its allied forces are higher, and if Iraq fires missiles with chemical warheads at Israel, a ground offensive launched by the U.S.-led multinational forces on Kuwait and Iraq is likely earlier than anticipated. The Gulf war will shift to a more fierce and crucial stage with high casualties to be suffered by both sides.

Can the world community avert this horrible event with an action by the UN Security Council, for example? This hope is too flimsy. The UN Security Council is working towards this end. But all predictions are still too premature.

Army Newspaper Views Consequences of Gulf War

BK3101135391 Hanoi Domestic Service in Vietnamese 1430 GMT 30 Jan 91

[QUAN DOI NHAN DAN commentary: "Dark Shadow of Gulf War Over The World Economy"—date not given]

[Text] At the beginning of the Gulf war, many major world newspapers described it "a real tragedy of mankind." A Lebanese radio station on 18 January said: Even a man in the most remote of countries who pays little attention to world developments understands that the bloodshed in the Gulf will undoubtedly affect his daily life in the near future. Indeed, given the scale and magnitude of the Gulf war, a dark shadow is cast over the daily life of mankind in all aspects. No one nation, no matter how small, will be unaffected by this war. The sound of gunfire in the Gulf has upset the pace of world economic development at the threshold of the 21st century, and has resulted in the rearragement of the political map in the Middle East—a region that has had no peace for more than four decades. As parties directly participating in the war, the United States, Iraq, and U.S. allies will, of course, suffer heavy casualties. The United States is the largest oil consuming country in the world and the Gulf region is its key supply source—half of its imported oil comes from the Gulf. As a result, the Gulf is a vital region to the U.S. economy.

In the United States, this U.S. military operation has reminded many people of the British war against the South African people of Dutch origin in a land 10,000 km away from the United Kingdom in 1899. During that period, the United Kingdom, with Queen Victoria's 300,000-strong Army, was the most powerful country in the world. However, little was known about the deteriorating British economy then: Its industry and agriculture was experiencing setbacks; investment was declining seriously; its surplus of imports over exports had increased considerably; infrastructure was poorly maintained and so forth. Due to these factors, the British Army was defeated in that war. Of course, the present situation is not the same. However, one may ask whether the half million U.S. troops in the Gulf will suffer the same fate as the British Army in 1899. No one has the answer yet. It is noteworthy, however, that the United States is in a serious economic recession. Its budget deficit, estimated at $200 billion before the Gulf war, is likely to jump to $250-$300 billion in the first three months of the war. Since the United States has waged a war in geographically and climatically unfavorable conditions, the U.S. Congress' Budget Office could not estimate its actual expense. A maximum of $86 billion budget was alloted for it. However, when the war broke out, an additional $30 billion was provided because in the first day of the war the U.S. Government spent $500 million alsone on weapons and ammunition. Of course, all these expenses will be borne by all stratas of U.S. workers. Due to the war in the Gulf, the dream of millions of poor U.S. people to have their own homes and good education for their children is in jeopardy.

As for Iraq, it has just fought a devastating war against Iran that lasted almost a decade and costing about $300 billion. Now it faces 37 allied nations led by the United States—a task even the most optimistic economist would not have a solution to. Undoubtedly, its population of 20 million Iraqis will face more difficulties as the newly restored economic and cultural establishments in Iraq are being destroyed again by the U.S. and its allies' air raids. Although Iraq's oil potential is vast—its reserve is 100 billion barrels or 10 percent of the world's reserves—the embargo and the war have seriously affected its oil industry, foreign trade, communications and transportation and so forth, causing losses of billions of U.S. dollar daily. Saudi Arabia, one of the richest countries in the world with an oil reserve of 225 billion barrels or one-fourth of the world's reserves, is now striving to improve its economy because of its direct participation in the war against Iraq. The Oil Ministry of this country had to cancel its oil production plan of 10 million barrels a day in 1991.

Saudi Arabia, which has been considered the world hub for oil, wields immense influence on oil prices in the world market. Many economists held that Saudi Arabia, preoccupied with the war, cannot exploit enough oil to replace that of Iraq and Kuwait. Particularly if Saudi Arabia's oil wells were destroyed by Iraq—as claimed by Baghdad—oil prices could soar to as high as $100 a barrel in the days ahead.

The Gulf war is a miserably gloomy economic picture to the rest of the world, except for a few countries which have derived additional revenues from oil exploitation and exportation since an embargo was imposed on Iraq.

India—which had to import 50 percent of its oil consumption and used to receive a large amount of foreign currency sent from its workers in the Middle East—is the hardest-hit country in the Third World. Thus, India will have to pay an extra $850 million for oil alone in 1991. Some 40 percent of the 19 million metric tons of oil which India expected to import in the 1990-91 period were to come from Iraq and Kuwait.

Noteworthy is that the deficit in India's current balance payment could pile up from $6.8 billion in the 1989-80 fiscal year to $9 billion by the end of the 1990-91 fiscal year. This is due mainly to increased oil prices.

The Philippines, Bangladesh, Sri Lanka, and some other poor countries also suffered a loss of billions of dollars, which used to be sent home from approximately 2-3 million of their workers in Kuwait. Money spent on hiring airplanes to bring their workers home has further jeopardized their budgets.

According to the UN secretary general, tens of countries have asked for help. These include Bulgaria, India, Jordan, Lebanon, the Philippines, Romania, Sri Lanka, Sudan, Tunisia, Yemen, and Yugoslavia.

The luxuriant growth in the 1980's of the developed industrial countries and the tigers of Asia, which slowed in the face of war, will certainly slow down further in the face of a possible lack of credit due to higher fuel prices.

In recent years, the developing countries achieved few results in their efforts to reduce political obstacles and concentrate on economic restoration and development to improve their people's living conditions. Now, all of a sudden, they encounter another barrier on their difficult path of development because of the Gulf war. It is forecast that this year these countries will have to spend an extra $26 billion due to increased fuel prices. It is for this reason that many draft economic plans of various developing countries have been suspended temporarily or abandoned definitely.

The Eastern European countries also find themselves in a similar situation because their economies have abruptly been affected by the Gulf conflict before being switched completely to a market-oriented mechanism. They have been compelled to cancel all the economic contracts signed with Iraq and Kuwait and have failed to collect debts from these two countries. Meanwhile, they have to buy oil at high prices to make up for the shortfall resulting from a cut in oil supplies from the Soviet Union.

By the time the first bomb exploded in Baghdad at dawn on 17 January, the Eastern European countries had already incurred a loss of approximately $7 billion as a result of the Gulf crisis.

The massive attacks on Iraq's economic installations—including oil fields and oil refineries—by the United States and its allies, as well as the attacks on Saudi Arabia's oil installation by Iraq, have seriously affected supplying the world with oil.

Nevertheless, when the war ends, these economic and political consequences will, sooner or later, be gradually overcome at different levels. Thus, only the losses of human lives are irreparable.

Later on, in Washington, Baghdad, London, Paris, and the capitals of more than 30 belligerent countries, there will be walls inscribed with the names of those killed in action in the Gulf region. This is truly the most horrible shadow of the Gulf war.

Hanoi Comments on Delay of U.S.-Soviet Summit

BK0102094591 Hanoi International Service in English 1000 GMT 31 Jan 91

[Station commentary]

[Text] The Soviet-U.S. summit planned to be held from February 11 to 13 this year prior to the tense situation in the Baltic republics of the Soviet Union, especially the dangerous developments in Lithuania, the preparation for the summit was underway as planned. [sentence as heard] While the Soviet Union began to take measures to solve the tension in the Baltic republics, the U.S. repeatedly made announcements on the summit. U.S. officials talked about the possibility of delaying the summit because the U.S. President was very busy.

U.S. State Secretary James Baker said: The summit will be carried out or not depends on how the Soviets settle the situation in the Baltic republics. This implication was obviously directed to the Soviet Union, but in Soviet Union and to the Soviet President Mr. Gorbachev, the Soviet-U.S. relation is important and the stabilization of the situation in the country is no less important. Moreover, President Gorbachev maintained that the tension in the Baltic republics is due to unlawful actions, the ignorance of the presidential decrees, and the gross violation of citizens' rights. Therefore, the Soviet Union would resolutely carry out necessary measures to ensure social security and order, and faced with such a resolute stand of the Kremlin, the U.S. had to express its unequivocal attitude on the summit.

U.S. State Secretary James Baker affirmed that the summit between the two countries would be postponed. The Soviet Union still hopes to carry out the summit to discuss with the U.S. the issue of arms reduction and other issues relating to war, peace, and security. That is why in the last two days new Soviet Foreign Minister Bessmertnykh hurriedly went to the U.S. but the Soviet efforts were fruitless. The summit was still postponed. The U.S. side attributed the delay of the summit to the war in the Gulf and some issues relating to the reduction of strategic arms which have not been solved, but the BBC said on Monday that the main reason for the delay is the rough and strong measures taken by the Soviet Union in solving the situation in Lithuania and other Soviet Baltic republics.

Also due to this action of the Soviet Union, the U.S. is considering the suspension of economic and technical aid to the Soviet Union and preventing it from taking part in the World Bank's activities.

In the present situation when the Gulf war becomes fiercer, the summit between heads of states, especially the Soviet-U.S. summit, is of important significance because this summit will be a forum to consider the settlement of pending issues in the world by peaceful negotiations. As weapons are used en masse at dangerous level in the Gulf war, the discussion on arms reduction between the Soviet Union and the United States is extremely important to mankind. Therefore, the delay of the Soviet-U.S. summit at this time caused hopelessness to the world public.

The people understand that the delay did not come from the Soviet side. However, it is lucky that the two countries only delayed the summit and not cancelled it. Closely following the developments in the Gulf war, the world public is waiting for the Soviet-U.S. summit to be held in the first half of this year as announced by the two countries.

Economic Cooperation Accord Signed With USSR

BK0102033891 Hanoi VNA in English 1502 GMT 31 Jan 91

[Text] Hanoi VNA Jan. 31—A Soviet delegation led by B.M. Valodin, first deputy chairman of the State Planning Commission of the USSR, paid a working visit to Vietnam from Jan. 23-31 in accordance with an agreement between the two governments.

While here, the Soviet delegation held talks with a Vietnamese delegation headed by Phan Van Khai, chairman of the State Planning Commission, during which they discussed important issues of mutual concern in the economic and commercial fields.

The Soviet guests were received by Tran Duc Luong, vice chairman of the Council of Ministers and head of the Vietnamese Sub-Commission of the Intergovernmental Commission.

An agreement on economic and commercial cooperation for 1991 and an agreement on shifting the economic and commercial cooperation between the two countries to a new mechanism were signed here today by two delegations.

Further on Assembly Delegation's Indonesia Visit

Delegation Meets With Suharto

BK0102104091 Hanoi VNA in English 1458 GMT 31 Jan 91

[Text] Hanoi VNA Jan.31 - Indonesian President Suharto received in Jakarta yesterday the visiting delegation of the Vietnamese National Assembly led by its chairman, Le Quang Dao.

The Indonesian president briefed the Vietnamese guests on his country's experiences in national construction, especially in economic development, and expressed his wish for further development of the friendship and cooperation between Indonesia and Vietnam in the interests of the two peoples and of peace, stability in Southeast Asia and elsewhere in the world.

Chairman Le Quang Dao congratulated the Indonesian people for their great achievements in national construction under the leadership of President Suharto and highly appreciated Indonesia's experiences in economic, scientific and technological development. He stressed that the Vietnamese National Assembly, government and people attach great importance to the consolidation and development of the traditional friendship and multifaceted cooperation between the two countries.

Ends Visit, Departs 31 Jan

BK0102043291 Hanoi VNA in English 1505 GMT 31 Jan 91

[Text] Hanoi VNA Jan. 31—The Vietnamese National Assembly delegation led by its Chairman Le Quang Dao left Jakarta today, concluding its official friendly visit to Indonesia.

During its visit, the delegation was warmly received by President Suharto, and met with Minister-Coordinator for the Economy, Finance, Industry and Development Supervision Radius Prawiro, Minister of Defence and Security Benni Murdani, Minister of State for Research and Technology Bucharuddin J. Habbibie, and other senior officials.

Chairman Le Quang Dao invited a delegation of the Indonesia parliament led by Chairman Kharis Suhud to pay an official friendship visit to Vietnam. The invitation was accepted with pleasure.

Hanoi Party Committee Group Visits Vientiane

BK3001161891 Hanoi VNA in English 1452 GMT 30 Jan 91

[Text] Hanoi VNA Jan.30—A delegation of the Hanoi committee of the Communist Party of Vietnam led by Pham The Duyet, secretary of the party Central Committee and of the Hanoi party committee, paid a week-long official visit to the Lao capital of Vientiane from Jan. 24.

While in Vientiane, the Vietnamese delegation held talks with a delegation of the Vientiane party committee led by Sisavat Keobounphan, politburo member of the Lao People's Revolutionary Party Central Committee, secretary of the Vientiane party committee and president of its administrative committee. The two sides signed a protocol on economic, trade, cultural, scientific and technological cooperation between the two cities.

The Vietnamese guests also visited the Vientiane office of the Association of Vietnamese Residents in Laos and a number of economic and cultural establishments in the Lao capital.

Nguyen Xuan Hoe on Party 'Militancy,' Unity

BK3001142991 Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Nov 90 pp 10-14

[Article by Major General Nguyen Xuan Hoe: "Purify and Enhance the Militancy of Party Members and Consolidate Party Organizations in Anticipation of the Seventh Party Congress"]

[Text] In compliance with the resolution of the sixth party congress and with the many resolutions of the party Central Committee's plenums, the Political Bureau, and the party Central Committee's Military Commission, there has been a stepping up of party-building activities in the Armed Forces. This contributes significantly to enhancing the party leadership and helping the Armed Forces to satisfactorily fulfill its tasks. To achieve good results at party congresses at various levels in the Armed Forces in anticipation of the Seventh National Party Congress, it is necessary to continue purifying and enhancing the militancy of party members and consolidating party organizations. Only when party cadres, members, and party organizations are strong can they effectively contribute to party congresses at various levels. On the other hand, only by satisfactorily holding party congresses at various levels can we improve the knowledge, concepts, and thoughts of party cadres and members, enhance their militancy, and create favorable conditions for consolidating party organizations more firmly.

Ideologically, it is necessary to steadfastly consolidate the political stance and concepts of party members, strengthen unity, uphold discipline, and ensure the unity of minds and actions within party organizations and their parent units.

The strength of our party lies chiefly in its political stance and concepts. For instance, it adopts a working-class stance and knows how to apply Marxism-Leninism creatively. At present, its tasks consist of stepping up the socialist renovation undertaking, remaining loyal to the fundamental principles of socialism based on the characteristics of our country's revolution, and selectively drawing on experiences learned from fraternal countries. These stance and concepts, as reflected in the new guidelines of the sixth party congress and in the many resolutions and directives of the party Central Committee, have stood the test of time over the past few years. Party members should thoroughly understand party policies and lines, effectively apply them in their everyday life, and review, ponder, and contribute their views on the various documents of the seventh party congress.

Socialist countries are facing a serious crisis in various aspects. Socialism now has come under the frenzied attacks of imperialist, reactionary, and opportunist forces. Therefore, party members should not only be firm in their concepts, thoughts, and actions, they should also struggle to protect their truths, foil all hostile allegations, overcome all uncertainties, unsteadiness, and erroenous concepts especially those wrong and illusionary political viewpoints that stray from the socialist course chosen by our party, Uncle Ho, and people. Any viewpoints inconsistent with our party's renovative line and concepts, be it rightist opportunism—such as denying or decrying the party leadership role, negating the system of dictatorship by the proletariat, asking for democratic liberties in an unprincipled fashion, and demanding political pluralism—or a conservative tendency against the renovation undertaking and the like should be seriously criticised.

As for party members who have made serious mistakes in their political stance or concepts, infringing upon the party's organizational principles and discipline, and speaking and acting against party resolutions, they should face disciplinary action. Our party is a revolutionary party. It is also an action party which does not only observe but is also required to improve objective realities. This is why there should be a unity of mind and action in the entire party. In a democratic discussion, party members have the right to express their views. If a unity of views has not been reached, they can hold these views until the highest- level party congress is held. But when its comes to carrying out his daily activities, party members should act according to the party resolutions and directives. A party with a unity of mind and action does not allow for the existence of "the drum playing to one tune while the trumpet blares out another." All party members, whatever their positions, are not allowed to spread or disseminate their personal views if they are against party viewpoints and lines, or if they are inconclusive after a debate.

If a party member defies the warning and criticism from his organization, deliberately acting against party principles and policies he should face disciplinary action such as being purged from the party or removed from a leadership or managing position in a unit.

A party member should be ethically exemplary and should uphold the motto of honesty, public dedication, and disinterestedness, as well as the concept of each according to his work. Any party members showing signs of lapsing from ethics or lifestyle such as abusing position and power, becoming corrupt, taking bribes, abusing the facilities of his organization to amass ill-gotten wealth, engaging in smuggling or conspiring with smugglers, leading a slavish and debauched life, bullying the masses, and advocating nepotism which results in a disunity within the internal ranks should be investigated so a clear-cut conclusion can be reached. Once a clear-cut conclusion is reached, he should, depending on the severity of his shortcomings, be disciplined according to the party statute. If found violating the law, he should be prosecuted according to the law without exception. This is a very complex struggle. Faced with the major campaign for ameliorating party organizations as well as with the recent enforcement of the anticorruption and antinegativism policy, those committing corruption and taking bribes have resorted to more sophisticated tricks aimed at covering up, evading, and even resisting the law. To fight against them, we should have both determination and keen measures if we are to expose their faults and bring them to light. The crux of the matter is that there are indications of highly influential persons providing them with protection by going to any length to justify their actions. Public opinion holds that although we have changed our way of attacking the corrupt from "hitting them from the shoulder down" to "beating them from the shoulder up," we have not hit them hard enough and there are still indications of catching only small fry without paying any attention to the big fish... We should strive in such a way as to overcome this state of affairs if we are to regain the trust of the masses and within the party and to ensure that there will be no complaints about such matters when we hold party congresses at various levels.

Party members must prove to be effective in leadership through efforts to set good examples in all aspects and to educate, persuade, and motivate the masses to follow the party's correct revolutionary line. Those party members regarded as unreliable or causing the people to lose their trust in them for any reason should be removed from the party. Appropriate measures should be meted out against each of them. As for those party members losing their will to fight, lacking a sense of responsibility, failing to fulfill their assigned missions, and refusing to defend what is right and fight what is wrong when they encounter a negative phenomenon in society because they themselves are also at fault, and therefore "have difficulty opening their mouth," we should increase our efforts to educate them, point out their shortcomings, give them specific assignments, and clearly determine the length of training they need in order to make progress. If they still make no progress and continue to commit serious mistakes, they should be disciplined or expelled from the party. With regard to those party members who are incompetent in leadership because their knowledge is too poor to distinguish right from wrong, "nodding approval at virtually everything they are told," we should strive to give them additional training. If making no progress after receiving intensive training, they should be removed from the party. This should however be done on a completely voluntary basis (because it is not a disciplinary measure) if we are to maintain the vanguard character of our party's leadership.

There are three major measures designed to ensure the quality of party members right from the beginning, and they are to be carried out simultaneously. They consist of: (1) intensifying the indoctrination and management of party members, upholding the criticism and self-criticism process, and commending those party members who are truly exemplary and always in the forefront; (2) resolutely removing those elements possessing erroneous political viewpoints and lapsing from their ethics and lifestyle, and purifying the party's internal ranks; and (3) actively enlisting those who are outstanding in the revolutionary struggle and recruiting more new party members in accordance with guidelines, standards, procedures, and principles.

Organizationally, we must strive to improve the militancy and the actual leadership and organizational skills of party organizations and party chapters and renovate the leadership methods of various echelons in order to meet requirements arising from our tasks.

The consolidation of the contingent of party members and the strengthening of party organizations are closely related. We should satisfactorily consolidate the contingent of party members as already said above, in an effort to purify party organizations and to ensure that those unfit for party membership such as the opportunists, the degraded, the deviant, the malcontent, and those opposing the party's viewpoints are removed from the party. Meanwhile, we should not let unqualified party members find their way into the party's leadership or seek appointment as delegates to the party congresses at various levels. All these are very important preconditions for ensuring the organizational steadfastness of our party.

According to a higher echelon directive, there will be two rounds of party congresses at all levels this time. Party committee echelons will not be elected in the first round. Nevertheless, party committees down to the grassroots level should be perfected promptly to ensure necessary numbers of good quality members for leading the implementation of routine tasks and for building firm and strong party organizations. Those party committees that are currently experiencing organizational discrepancies due to problems in the placement of cadres or mistakes and shortcomings in the employment of party members must be directed to conduct by-elections in strict accordance with prescribed criteria in order to create conditions for collective leadership, intensify internal solidarity and unity, and maintain a regular and effective pattern of activities.

The consolidation of party organizations must be linked closely to the building of units, especially primary units. We must proceed from the characteristics and realities of each type of primary units to consolidate party chapters organizationally. We must clearly define the political duties, improve the contents and forms of activities, practically advance the ability of party chapters so that they can become truly leading political nuclei in primary units, fulfill well all duties of units, especially the central tasks, and, at the same time, organize well the material, moral and cultural lives of cadres and combatants.

We should continue to bring into play the results of studying the party central committee's eighth plenum resolution and link the examination of self-criticism and criticism to the control of the party by periodically checking party members' compliance with the party statutes. Then, through the people's comments, we will faithfully evaluate the situation of units and formulate specific and practical action programs. With respect to those weak party bases calling for closer leadership, we should find out precise causes of weaknesses by soliciting views of both superiors and inferiors, both party members and the masses. Once the real causes are found out, we will devise specific remedial programs and plans. If need be, we will replace and appoint cadres, properly deal with party members who act wrongly, commend good cadres and party members, and foster and recruit good people into the party. Good leadership of party chapters (Party chapter committees) and good command and managerial abilities of cadres should be promoted and their shortcomings must be overcome. The people's problems should be correctly resolved. Time required to resolve them must be determined. After action must be controlled and timely experience be derived.

The urgent task we should strive to do now to consolidate party organizations, is to conduct advanced training for cadres in order to enhance their political leadership and practical organizational ability. First of all, we must clearly define functions, improve the working methods and correctly settle the relations between party committees and chapters and unit commanders. Cadres must have firm political knowledge, be alert against deviant tendencies and ideas, and fiercely struggle against hostile allegations and erroneous viewpoints. The most important is that party committees and chapters must firmly grasp the principle of collective leadership and through democratic debate and discussion concentrate on thoroughly learning and applying the lines, policies, directives and resolutions of the party to the real situation in units. They should be able to set forth correct leading policies, determine effective working methods, mobilize all latent potentials and forces to implement the established policies and plans, and organize and mobilize units' members to act. They should not do favors for nor ask favors of troops. Their order should not be coercive. They must further know how to proceed from realities to summarize their routine performance in order to constantly enhance their leadership.

Work behavior toward providing leadership, guidance and command should be renovated. The old working method that lacks in democracy, dynamism, and creativity must be resolutely eliminated. A system of democratic operations must be scrupulously implemented in party committees and chapters and in units with a view to mustering and promoting the intelligence of all people. The contents and data required for all meetings must be adequately prepared to serve as grounds for discussion and debate so as to clearly distinguish right from wrong, arrive at definitive conclusions, and vote to the neat majority. Higher echelons should intensify close control of their subordinates. Cadres should invite and listen to combatants' views. Party committee echelons should stay close to party members who in turn must be expansive to combatants in order to establish a thorough two-way vertical information system. The day of political activities in companies must be carried out effectively and practically.

The activities of party organizations must be programmed, planned, and concentrated on the key tasks and on resolving rapidly and definitively the raised problems in order to continuously improve the situation and never be complacent with achievements. In the course of operations, there must certainly be good points and shortcomings. These should be no cause for fear. What we must fear the most is our lack of a sense of self-criticism and criticism, of faithfulness and of daringness to look squarely at truths, and our leaning on flattery and on falsifying reports to higher echelons which cause subjective evaluation and lead to the formulation of wrongful policies and plans.

It is not long before the seventh nationwide party congress is held but the requirements of purifying and enhancing the militancy of contingents of party members and cadres, and of consolidating party organizations are very high. We must then work urgently, correctly following guidelines and the spirit of resolutions of the party Central Committee's fifth, seventh and eighth plenums, resolution four of the political bureau and various resolutions of the military commission of the party central committee. Although this is not a separate drive and is only a continuation of what has been done continuously since the sixth party congress, it is one of the urgent central tasks to advance toward the seventh party congress with a contingent of party members and a network of party organizations who possess adequate stature of vanguard leaders.

According to the experiences of military regions, Army corps, armed branches and services, some institutes, schools, economic building units, and so on which were exchanged during the recent conference of secretaries of party committees directly subordinate to the party central committee's military commission, every echelon should need specific programs and plans for work assignments and decentralization of leadership. These programs and plans should be organized and implemented step by step at some localities only on an experimental basis to draw upon experience for overall leadership.

The aforementioned tasks, if well implemented, hold not only an urgent meaning to the immediate future, but also a fundamental significance for a long time to come. They are practical preparations for party congresses at all levels and the seventh national party congress. They constitute one extremely important aspect of the task of politically building the People's Army and create a firm post-congress ground for party organizations to secure favorable conditions to advance a step further.

Le Duc Anh Visits Army School, Newspaper Bureau

BK0102095591 Hanoi Domestic Service in Vietnamese 1400 GMT 31 Jan 91

[Text] General Le Duc Anh, member of the party Central Committee Political Bureau and minister of defense, recently visited the (Wilhem Pieck) technical officer school, the Ba Son machineworks, and the QUAN DOI NHAN DAN office in Ho Chi Minh City.

At the (Wilhem Pieck) technical officer school, General Le Duc Anh spent a great deal of time inspecting the mess and billeting quarters of instructors, teachers, and students, and the material and technical facilities used for teaching and studying. He commended and urged the school to regularly enhance the training quality, administer well the material and technical bases, secure good living conditions for troops, and make the school comprehensively firm and strong.

At the Ba Son machineworks, Gen. Le Duc Anh cited the dynamism and creativity of the machineworks leaders in fulfilling well their political duty and in creating jobs and caring for the livelihood of workers. He listened to some recommendations of the machineworks leaders and pointed out the guidelines for expanding and developing the machineworks in the next few years.

At the QUAN DOI NHAN DAN office in Ho Chi Minh City, Gen. Le Duc Anh praised the daily for carrying articles that reflect the two strategic tasks of the country. He attentively urged the QUAN DOI NHAN DAN workers in particular, and the Army journalists as a whole, to constantly keep close to realilty, promptly report the activities of the Army and the people's national defense, detect and cite positive factors, and criticize negative manifestations to help build our Army to be truly wholesome, strong, and capable of fulfilling all duties.

He urged the QUAN DOI NHAN DAN personnel to regularly study and improve both the contents and forms of the daily to make it increasingly attractive and worthy of being an organ of the press of the party Central Committee's Military Commission and the National Defense Ministry, and a confidant of the People's Armed Forces members and the people.

Doan Khue Attends Meeting of General Staff

BK3101103991 Hanoi Domestic Service in Vietnamese 1400 GMT 30 Jan 91

[Text] Yesterday morning, 29 January, the General Staff Department of the Ministry of National Defense met to review emulation work in 1990 and to discuss measures to improve it in 1991.

Senior General Doan Khue, head of the General Staff Department; Deputy Chiefs Nguyen Chon, Dinh The Mon, and Tran Khanh; soldiers' representatives, and ministry staff attended the meeting.

Last year, under the direct instructions of the military standing party Central Committee and the director of the Ministry of National Defense, the entire ministry, the Army units, solders, cadres, and personnel of the General Staff Department, satisfactorily performed all their duties. They were always alert to practicalities, solving difficulties in time, and helping the ministry implement policies. They also concentrated the strategic adjustments to strengthen the quality of the People's Armed Forces to defend and build the socialist fatherland and performed their international duties.

The foremost point of the emulative movement in the General Staff Department was the successful implementation of most of the important contents in every sector.

Every department, academy, unit, school, and individual made progress, and contributed to the glorious achievements of the whole unit. Typical is the Battle Department, which has been holding the Emulation Competition Flag of the Ministry of National Defense and of the Council of Ministers for seven consecutive years; the Militia Department, which has been holding the Reward Flag of the Ministry of National Defense for two consecutive years; the Military Cryptography School, which moved up last year to lead the school group, gaining the Emulation Reward Flag of the Ministry of National Defense, and so forth.

This year, the emulation movement of the General Staff Department, and the offices of the Ministry of National Defense continues to concentrate on building stable viewpoints steeped in the socialist ideology, which was chosen by the party and Uncle Ho for cadres and staff. They are also building a clean and strong the party committee to form a single united bloc. At the same time they will continue training to enhance the department, which is a strategic office of the ministry, and raise their self-reliance to improve the material, spiritual, and cultural life of cadres, soldiers, and staff of the whole unit.

Youth Union Discusses Party Draft Documents

BK2801152791 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 9 Jan 91 p 1

[Report by Huy Mien]

[Text] The Communist Youth Union of Ho Chi Minh City held a conference on 19 and 26 December 1990 to discuss and contribute ideas to the draft platform on socialist construction for the transition period and the draft strategy of socioeconomic stabilization and developmenmt up to the year 2000. More than 40 leading cadres of the union, mostly secretaries of the union chapters at various city universities, contributed valuable viewpoints to the party draft documents.

Discusssing the draft platform on socialist construction for the transition period, most of the cadres held that the platform was not properly condensed and that it only presented general guidelines, especially chapters 3,4 and 5 which deal with the party's role and the objectives of socialist construction in the transitional period. Many cadres suggested that the platform should clearly specify the length of the transitional period. If possible, the platform should stipulate the various stages of development such as the five-year or ten-year development stages of the transition period. This should include targets to be attained in order to make the people understand that socialist construction is necessary for developing the nation. Mr. Le Huu Luan, deputy director of the city youth cultural center, said the platform has been made public when socialism is undergoing serious ordeals in many countries, and that they were thus short of premises to support their socialist cause. As a result, more concrete explanations on socialism should be included in the platform. Some other cadres suggested that the platform should clearly describe the feasible path chosen by our nation in its progress towards socialism in order to win more support from the people.

Many secretaries of party chapters at various universities were of the opinion that the platform carries many new features, including efforts to enhance the role and position of the intellectuals in the new stage. However, in classifying the intelligentsia of the peasant-worker union,

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more careful study should be made because the peasant-worker class has its unique intelligentsia groups.

In the part on training, many cadres have asserted that training is obviously essential for strategy. However, a policy on the rational use of human resources should be formulated. At present we have paid keen interest in training, but the cadres we have produced were more likely to have been assigned staff work only.

Discussing the draft strategy of socioeconomic stabilization and development, many cadres suggested that we should assert that the Nam Bo Delta area and Ho Chi Minh City as key regions for development and investment. Other cadres suggested that we should not provide a vague view of the economic regions because this will lead to scattered investment. Some cadres said we should not target our people's per capita income at $400 by the year 2000, as there will be many changes from now to then. What we should do instead is to target our nation's economic growth at the same level as some countries in the region.

Regarding the youth union's role as prescribed by the platform on socialist construction, Mr. Nguyen Van Trai, secretary of the third precinct union chapter, suggested that the platform should clearly assert whether the youth union is still regarded as a reserve force of the party; whether the position of the youth union has been changed; and whether the youth union role is now regarded as similar to other mass organization. If the party continues to consider the youth union as its reserve force, then it should define a development path for the union.

Hanoi Holds Basic Party Organization Congresses

BK0102102191 Hanoi Domestic Service in Vietnamese 1000 GMT 31 Jan 91

[Text] Since 16 January various district and ward party committees of Hanoi Municipality have organized the first phase of basic party organization congresses to prepare themselves for higher level party organization congresses.

Party organizations in Tuyen Phuong Ward of Dong Anh District, Dien Bien Subward of Ba Dinh District, and Le Dai Hanh Subward of Hai Ba Trung District have completed their first phase party organization congresses.

Before attending the congresses, party chapters of these localities held conferences for party members to discuss and contribute ideas to draft documents of the upcoming Seventh Communist Party of Vietnam Congress. At their congresses, delegates continued to debate, exchange viewpoints, and contribute more ideas to the party documents. They also elected delegates to the higher level party organization congresses.

On 29 January the Hanoi municipal party committee held a conference to appraise the results of these congresses and to provide guidance for district and ward party organizations to overcome shortcomings experienced during the first phase of the basic party organization congresses.

Council of Ministers Issues Tax Sector Regulations

BK2701102091 Hanoi Domestic Service in Vietnamese 0500 GMT 27 Jan 91

[Text] The Council of Ministers on 24 January issued regulations pertaining to uniforms, badges, and identity cards for tax sector cadres.

The regulations stressed that tax officials on duty must wear uniforms, badges, and identification numbers. All tax officials will be provided with identity cards during duty.

The Ministry of Finance is responsible for designing, distributing, and managing the use of uniforms, badges, and identity cards for all tax officials.

Australia

Ray Urges West To Review Policies on Arms Sales

BK0102095991 Melbourne Overseas Service in English 0800 GMT 1 Feb 91

[Text] Australia's defense minister, Senator Robert Ray, says the West may have to review its arms export policies after the Gulf war and that Australia could have a role to play. Several Western countries, especially France and Germany, played a major role in arming Iraq during the 1980's, and Senator Ray says the government has rejected an approach by a foreign government to buy $450 million worth of defense equipment, but he refused to identify the potential customer. Tony Hastings reports from Canberra:

[Begin recording] [Hastings] According to the defense minister, Australia has very strict guidelines limiting the sale of defense equipment to other countries which, he says, places Australia in a position to raise the question of curbing the international arms trade.

[Ray] We must learn some lessons from the Gulf, and I would have thought one of the key lessons to be learned from people is that Iraq has been supplied not only by the Soviet Union but by many Western European countries. The military strength has relied on that technology. When we go to the post-Gulf era those countries are going to have to consider very strongly will they continue to allow those sort of technology and weapons to be exported to countries such as Iraq. And we, if we are to make that point in international forum, will very much have to have clean hands.

[Hastings] Australia currently sells about $300 million worth of defense equipment, about $200 million short of the target set by the government three years ago. Senator Ray says Australia's policy is not to sell lethal weapons to areas of instability, but in apparent contradiction of that policy Australia sold 50 old Mirage fighters to Pakistan for $36 million at a time when India and Pakistan were confronting each other over Kashmir. The Indians were outraged, but Senator Ray considers the sale was less significant.

[Ray] The devalued offensiveness of those weapons, I suppose, were questioned very much by the Indians. We no longer wanted them as we don't regard them as particularly effective weapons systems. The Pakistanis have a different view of them, but most of those decisions and agreements were made long before the tension between India and Pakistan had built.

[Hastings] Senator Ray would not reveal which country had recently offered to buy $450 million worth of Australian defense equipment but had been rejected. However, he did say the mystery buyer was not the only potential customer to be turned down.

[Ray] By no means this is the largest. There have been several other proposals, all be they tentative, and involved far more money for this country. I think the other point I should stress is that there is a cost that comes with a decision not to be a major arms exporter. Because of economies of scale that means the Australian taxpayer will have to pay more for some of the defense equipment produced in this country, because they will not get the economies.

[Hastings] The defense minister says Australia has a ban on exporting weapons to a range of countries, including South Africa, Iraq, Iran, Jordan, Syria and Israel. It is hard to imagine what equipment Israel would want to buy from Australia, but banning defense sales to the Israelis seems to fit only if you mean that the probable role of the Nurrungar satellite base in South Australia is detecting SCUD missile attacks on Israel. [end recording]

Papua New Guinea

Bougainville Rebels Attack Government Forces

BK0102085391 Melbourne Overseas Service in English 0500 GMT 1 Feb 91

[Text] The Papua New Guinea Government says rebels on Bougainville this week launched an attack on government security forces on Buka Island. The prime minister, Mr Rabbie Namaliu, says one soldier was wounded in the attack, but he is recovering at the Buka Medical Post.

Mr Namaliu said the rebels attacked an Army patrol boat near the Buka Wharf. The attack came just a week after the Honiara Declaration was signed between the Papua New Guinea and Bougainville delegation. Mr Namaliu also announced that between 30 to 40 BRA [Bougainville Revolutionary Army] members have surrendered to the security forces and are now under police custody on Buka Island.

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[Text] Because of the heavy decline of stock prices since January 1990, the net-worth ratio of Japanese banks, based on the Bank of International Settlements [BIS] standards, has been subjected many new developments. But in reverse, the banks, aware of BIS regulations, borrowed a substantial amount of subordinated debentures in September and created a big impact on the financial market. While critically evaluating whether these movements are tentative or not, the writer will seek the chief causes of the heavy decline of stock prices and further study the relationship of BIS regulations and the entire securities market.

Why Did Stock Prices Drop?

In 1990, the stock market underwent a downward trend from the opening session and it recorded a declining percentage of a historic 48 percent. When compared with the major declining periods of the postwar era, the present decline is the biggest of them all. Indeed what are the basic reasons for this sort of steep decline?

Judging from only the surface of the phenomenon, the forced liquidation of the securities market would be the first trigger and certainly Iraq's invasion of Kuwait only accelerated the movements. However, would the postwar's biggest decline be born simply and only from the increase of interest rates and the possibility of an oil crisis?

Thereupon, such factors as the theory of the arbitrage between futures and spot goods, the theory of the decline of the major stock companies' market influencing power and the theory of the stringency of the market funds caused by the large-scale issuance of subordinated loans will be widely discussed. However, these factors cannot possibly be the substantive causes for the steep decline.

In fact in seeking the chief causes for the present steep decline, the realities, which must be most seriously considered, are that (1) financial liberalization is in an advancing state and (3) [as published] in the course of this liberalization, the theme of risk management by the financial institutions is about to become a pressing subject from the viewpoint of internal management and from the external (as regulations from the financial agencies) viewpoint.

Sudden Rise Caused by Financial Liberalization

Then what has financial liberalization caused on the stock market? Without fear of arousing any misunderstanding, it can be said that financial liberalization was the chief cause in the background that led to the tripling of stock prices from around 1985 to 1989.

By reviewing the amounts of stocks bought over stocks sold (purchase minus sales) by investor classification, one can understand that after 1984 the finance institutions and securities investment trusts exerted a tremendous amount of influence. Especially the "banks" (including those with trust accounts, except securities investment trusts), with the sudden increase of specified money in trust, transformed into the largest, extremely substantial institution of stocks bought exceeding stocks sold.

From around 1984, the specified money in trust became to be utilized on a full-scale basis as an instrument to invest in stocks. In 1986, the recognition of investment consultant companies as a part of liberalization accelerated this movement. In the past the substantial holders of this specified money in trust were the financial institutions, such as banks and life insurance companies which were deemed as stable stockholders, and they were the general business companies which had established share cross holding relationships. The specified money in trust was not affected by the comprehensive transaction relationship, which serves as the nucleus of the stable holdings of stocks, and because it can be freely traded, it became noted for its significance as a tool for investment competition.

In the wake of the boom for the specified money in trust, the balance of the securities investment trust suddenly increased. There is no denying the fact that banks and other institutions expected investment trusts to play the same role as specified money in trust. This trend is also a product of the competition among the financial institutions.

In other words, financial liberalization, while offering instruments of investment, promotes competition for profit by the financial institutions, and it has also introduced financial services technology to the business companies. Even the scheme to have investment consultant companies participate in the investment of public annuity funds is a part of financial liberalization.

The released funds, that are aimed at these high gains, were concentrated on stocks that showed the best gains ratio, based on their past performances. The stocks purchased from the most reliable companies, based on their past performances, rose suddenly only from the stringency of supply and demand that they will be purchased, and for this reason, the "desired" circulation of surplus funds being increasingly concentrated on stocks was the result.

Cycle of Collapse from Sudden Increase of Supply

On the other hand, the liberalization of finances heightened the systematic degree of freedom in fund procurement. This includes the elasticity of the conditions to issue domestic convertible bonds and the conversion of funds with low interest rate from the yen base by utilizing the exchange, through the issuance of overseas warranty bonds. A sudden rise in stock prices occurred at the same time and a procurement of funds based on equity provided a favorable environment. This sort of background is found in the sudden increase of stock supply which is based on equity financing occurring after 1987. And for this reason, the peak of supply was attained in the wake of the peak of demand.

As a result, the situation in 1988 and 1989 was such that a collapse of the balance of supply and demand at any time was not considered strange.

The collapse of the balance was narrowly prevented by the increase of speculative funds, induced by credit transactions and from the anticipation of the rise in stock prices.

But in the end, the tightening of finances reduced the flow of funds to cause the collapse of the balance of supply and demand. Furthermore, as if to symbolize the dissolution of the specified money in trust in business, the reduction of the specified money in trust surfaced. Because a considerable amount in the stringency of the stock supply and demand turned out to be the specified money in trust, any reduction of its balance would conspicuously worsen its supply and demand. As a result, a circulation that went counter to the past resulted when the stock prices dropped, appraisal losses were generated with the remaining specified money in trust, and this further prompted the cancellation of the specified money in trust.

In other words, the demand and supply of stocks, while being affected by financial liberalization, reached a peak while undergoing their respective time lags. Of course, although there are environmental changes other than from the market, such as financial policies and oil crisis, financial liberalization is definitely the underlying cause in the rise of stock prices, along with shaping the environment for their sharp decline.

Risks Exert Pressure on Stock Prices

While stepping aside from the short-term viewpoint in seeking the cause of sharp declines, it is believed the steep rise of stock prices until 1989 appeared to have concealed the chief cause in the deterioration of the latent and long-range balance of the supply and demand of stocks.

An important prerequisite pertaining to this point is the reality that the Japanese stock markets are deficient in liquidity, which is attributed to such factors as share cross holdings. Among the listed stocks, it is said that 30 to 40 percent are in actual circulation. According to our estimation, if share cross holdings are a prerequisite, then the market price will have reached the high level of about one ane one-half times when compared to the situation without them.

In describing the essential environment, after a time lapse, of the stock market from the viewpoint of risks, the following three points can be made.

- (1) Establishment of the risk trading market of futures, options and swaps.
- (2) Changes from the external environment conditions, known as the BIS regulations.
- (3) Advancements in the legal environmental preparation toward equity financing.

Of the three, the establishment of the risk trading market will work in the direction of increasing the liquidity of stocks on a short-term basis. In other words, it materialized from January to March of this year, but in order to hedge the decline of the price of stock holdings, the selection of the means to sell such items as futures becomes a possibility. This extreme example is the action of insurance portfolio holders, which was resorted to on Black Monday.

This action is the same with regard to share cross holdings. Should the risk trading market develop, in spite of the stocks from the share cross holdings, it is realistically possible to temporarily sell them. Theoretically, the liquidity of unlimited risks can be applied. The risk trading market works as a latent power that can cause the decline of stock prices.

Now with these actions as reason, the risk trading market can be regarded with hostile eyes, but it is probably premature to rush over to simple regulations. As will be explained later, the risk trading market has desirable aspects and it should be judged comprehensively.

BIS Regulations To Cancel Share Cross Holdings

Then how will the BIS regulations on net-worth ratio affect the situation? As generally known, the regulations that were meant to deal with credit risks have been known to cause confusion in the stock market.

The general indications are as follows:

(1) The equity financing of the banks was widely relaxed, and because of the procurement of Y10 trillion worth of financial commodities during 1987 to 1989, a supply surplus situation resulted. (2) Because of the sharp decline of stock prices, the book/market value differences quickly decreased and the interim goal of a net-worth ratio (7.25 percent) by the end of March 1991 was barely achieved. For this reason, a net worth of more than Y2 trillion worth of financial commodities, based on subordinated loans and subordinated bonds, was introduced in concentration, touching off a substantial rise in yen interest rates and a decline of stock prices.

In pondering the general point in question as expressed above, it seems that the BIS regulations worked tentatively as the chief cause in the decline of stock prices. But on the other hand, it is certain that there are indications such as those that follow.

(1) In order to increase the net worth without procuring equity or subordinated debentures or without relying on book/market value differences with violent fluctuations, as much as possible, the only way is to concentrate the resources on investment items or ventures with high profit ratio; (2) if this is the case, stocks with low dividend payments will be classified as low priority rating, and although they may be share cross holdings, they must be reevaluated; and (3) as long as the place is

not the main office or a nearby transaction point, the stock holdings will be brought in the direction of scaled-down balance.

In this manner, the stable holdings structure, called share cross holdings, was placed in the latently fluctuating direction with the introduction of BIS regulations. If the liquidization of stocks should advance and share cross holdings should completely dissolve, as previously described, the theoretical stock price level will drop to two-thirds. Is considering this sort of future in one's mind unfounded?

Regulations Will Curtail the Stock Market

Since April 1990, the comprehensive regulations on net worth have been applied to securities companies. On the other hand, the BIS regulations on banks today cover only credit risks, but it is reported that regulations on market risks, concerning interest rates, exchange and stock prices, are being studied.

In the event widespread regulations on banks, concerning not only credit risks, but also market risks, are introduced, what will happen to the securities market? For risk mitigation, the basic viewpoint selected by financial institutions is matching. If the possibilities and methods of matching by risk categories were considered, the following would probably be the results.

(1) Risks with interest rate fluctuations

If the procurement of funds were to be liberalized, the possibilities of matching would be expanded. In this sense, the reconsideration of the division between the merits and demerits and of the procurement of funds will be promoted one step further, and financial commodities might even be diversified. Furthermore, with assets not suited for matching, equity financing or the development of the risk trading market, as matching devices, can be anticipated respectively.

On the other hand, the method of determining interest rates can be reviewed and the method of determining long-range prime rates can be questioned.

(2) Exchange risks

Matching with foreign exchange is basically the same as risks with interest rate fluctuations. In other words, the procurement of funds abroad or the diversification of venture activities is the shortest course in matching. This is the same for the role of the risk trading market.

(3) Risks with stock price fluctuations

Pertainng to stocks, it is difficult for financial institutions to accomplish adequate matching. Of course, like interest rates and exchanges, it is possible to cover up, to some extent, by completing the risk trading market, but the results are not drastic.

Regarding stock price fluctuations, one of the means is to deal indirectly through fulfillment of the net worth. However, this practice is directly connected with supply which pressures the entire stock markets, and it is not secure. In fact, the simple and clear way to deal with stock price fluctuations is probably to curtail stock holdings.

As a matter of course, even the relationship of share cross holdings will be headed in the direction of dissolution. The curtailment of share cross holdings, which was begun by the regulation on credit risks, will be a matter of further acceleration.

One other method to match the risks with stock price fluctuations is to have the burden of risks assumed by the clients.

It is the application of the system that totally reflects the stock price fluctuations to the investment gains of the clients, and the securities investment trust is its representative example. In order to make this type of system possible, there is the need to strictly divide the accounts and supervision of these financial commodities from the existing business or portfolio, and these could be in the direction of equity financing. But this also means that ambiguous investment concepts, like share cross holdings, can be excluded and genuine investment action can be accomplished as institutional investors.

Non-equity Will Expand

As can be conjectured from the above explanation, it can be forecast that, along with the clearness of the risk-centered internal and external regulations pertaining to financial institutions like banks, securities and its related markets will be seriously affected, and the following forms for the future can be imagined.

(1) The relative size of the stock circulating market will be curtailed.

At the bottom of this is the dissolution of share cross holdings, which is the chief cause of pressuring stock prices. However, this only means curtailment on a "relative" scope and it is not directly connected to the "absolute" decline of stock prices.

(2) Even the stock issuing market will be curtailed. Equity financing will be an item that can be utilized only by qualifying companies. Under the trend of financial institutions curtailing share cross holdings, the stabilization of new stocks will be difficult and therefore equity financing will be the chief cause of pressure for stock prices.

(3) Regarding the spot stock market, stock futures and option markets will become relatively bigger. In a situation where the need for risk trading is heightened along with a lessening of the trendy rise of stock prices, the high level investments, utilizing futures and options, will be demanded for the advancement of gains.

(4) The shares of commodities, like the securities investment trust in which the risks are assumed by the final

fund supplier, will increase. Because diversified investments or the application of a risk trading market are difficult for the individual, the need for indirect investment commodities, like investment trusts, will probably increase. This again will mean promoting the institutionalization phenomenon of the market.

(5) The non-equity market of bonds or security-backed commodities will expand from both aspects of procurement and circulation, which are desirable.

Finally, topics in these areas, related to the above structural changes, will be described.

For instance, companies must establish the procurement of funds that do not rely on equity. Because costs based on non-equity are influenced by ratings, the spending accountability of funds and their efficiency must be carefully considered in order to maintain a high rating. When using equity, the problem is not only stock prices, but the propensity for dividends. Even for the securities companies or the investors, it is necessary to build a predisposition that does not rely on stocks.

Financial institutions, like banks, must immediately seek to be prepared with the means to reduce and measure risks. As a matter of course, it is important to be seeking highly rational provisions against internal and external risk regulations.

In short, the mere mention of matching risks does not stop at something simple like using a maturity ladder. Unless one can fully deliberate on such matters as how should risk trading be accomplished, or how should the interdependence among the various risk aspects be applied, the understanding of risks is probably inadequate.

* Outline of Consumer Trends Survey Reported

912A0048A Tokyo NOMURA SEARCH in Japanese Nov 90 p 59—FOR OFFICIAL USE ONLY

[Text] This survey targeted 4,100 single-member households in all 656 cities and in 535 towns and villages selected from 2,590 towns and villages nationwide as of 1 January 1989. It is composed of the following parts: Abstract, summary of results, household income and expenditures, major durable consumer goods, and savings and debt.

Looking at overall trends in single-member household income and expenditures, we find that average monthly consumer spending was 153,964 yen, a nominal increase over the previous survey year (1984) of 10.1 percent and a real increase of 4.8 percent. Spending by females grew considerably: On average, males spent 165,196 yen per month (a nominal increase over the previous survey year of 6.4 percent and a real increase of 1.2 percent), while females spent 147,424 yen (a nominal increase of 18.7 percent and a real increase of 13.0 percent). At the same time, average monthly income stood at 232,835 yen (a nominal increase of 14.2 percent and a real increase of 8.7 percent); average monthly disposable income was 196,617 yen (a nominal increase of 13.8 percent and a real increase of 8.3 percent). Consumers showed a propensity to spend 84.4 percent of disposable income, a decrease of 3.7 percentage points from the previous survey year.

Examining recent consumption characteristics, we find that spending on vegetable and fruit beverages, accessories such as wristwatches, handbags and umbrellas, and personal care products and services such as shampoo and hair care grew substantially for both males and females, reflecting an interest in health and fashion. In addition, females' monthly fees for activities such as sports, cooking and English conversation classes showed unusually high growth; spending on vegetable and fruit beverages, dairy products such as cheese and yogurt, and hotel accommodations also showed high growth.

Looking at household income and expenditures for young single workers (under 30 years of age), we find that males spent an average of 154,249 yen per month (a nominal increase over the previous survey year of 7.2 percent and a real increase of 2.0 percent) and females spent an average of 152,733 yen (a nominal increase of 21.7 percent and a real increase of 15.8 percent). Broken down by category, males spent most heavily on food (48,758 yen), transportation and communications (27,731 yen), and culture and entertainment (23,956 yen), in that order; within the category of food, they spent most of their money on dining out (30,555 yen). Females spent most heavily on food (31,024 yen), housing (27,236 yen), and social entertainment and hair care services (24,371 yen), in that order; however, females spent less than half as much on dining out as males. Males had an average monthly income of 218,074 yen (a nominal increase over the previous survey year of 12.7 percent and a real increase of 7.2 percent); females had an average monthly income of 190,791 yen (a nominal increase of 26.2 percent and a real increase of 20.1 percent). Males spent an average of 83.6 percent of their disposable income and females 93.3 percent; both figures were lower than those for the previous survey year.

Examining income and expenditures among elderly single-member households (those aged 60 or older), we find that average monthly expenditures for males was 129,582 yen (a nominal increase of 25.0 percent and a real increase of 18.9 percent) and 136,072 yen for females (a nominal increase of 39.7 percent and a real increase of 32.9 percent). By category of expenditure, males outspent females on such items as light, fuel and water as well as and transportation and communications. However, females outspent males on all other items; spending on clothing and footwear, as well as furniture and household goods, was especially high. In particular, females aged 60 and over received 80.9 percent of their real income from their jobs (an increase of 11.4 percentage points over the previous survey year), an indication that employment opportunities for this group of females have improved.

At present, the average single male household has savings of 3.92 million yen, or 114.2 percent of annual income; the average single female household has savings of 7.52 million yen, or 309.3 percent of annual income. At the same time, the average single male household had debts of 770,000 yen and the average single female household had debts of 440,000 yen; the debts of males totaled 1.7 times that of females.

Mongolia

UNEN Views Situation in Persian Gulf Region

OW2701102791 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1540 GMT 26 Jan 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, January 26 (OANA-MONTSAME)—The ruling party paper "UNEN" has published an article by H. Chuluungombo, "UNEN" observer, on the events which are taking place in the Persian Gulf region enclosing the map of military actions.

The observer notes that it is exactly Iraq that committed aggression against Kuwait thus annexing the sovereign state, which is the UN member. It should be mentioned that Kuwait rendered to Iraq millions upon millions of aid during the Iraqi war with Iran. The author points out that violence gives birth to violence, and now multinational military forces are fighting in accordance with the decision of the UN Security Council to free Kuwait and restore justice. He underscores that Iraqi aggression hides its economic interests connected with oil and purchase of weapons.

The observer writes that the continued military actions in the Persian Gulf cause, first of all, numerious victims among the peaceful population. Many countries of the world appeal on political settlement of the dangerious armed conflict. Iraqi leader Saddam Husayn, above all, should listen to this appeal, the author notes.

Trade Minister on Agreement Signed With U.S.

OW2901132191 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1011 GMT 29 Jan 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 29 Jan (OANA-MONTSAME)—The signing of an intergovernmental Mongol-American trade agreement on 23 January was qualified by S. Bayarbaatar, MPR [Mongolian People's Republic] minister for trade and industry, as one of the concrete outcomes of the visit of MPR president to the United States. According to this agreement,the two sides are mutually granted the conditions of more favouring in trade. The minister said that the entrance to the American market entails some difficulties. Thanks to this trade agreement, in his opinion, Mongolian trade, industrial and economic organizations, associations, firms and even individuals are provided with legal grounds for entering the U.S. market. The Mongol-American agreement was signed by S. Bayarbaatar, MPR minister for trade and industry, and Mrs. Carla Hills, chairperson of the U.S. trade representation.

G. Ochirbat on Development of Ties With PRC

OW2901133391 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1018 GMT 29 Jan 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 28 Jan (OANA-MONTSAME)— I am firmly convinced that the relations between the MPR [Mongolian People's Republic] and the PRC, as well as between the MPRP [Mongolian People's Revolutionary Party] and the CPC will stably develop on the principles of mutual respect, equality and non-interference into each other's internal affairs, G. Ochirbat, leader of the MPRP, pointed out in his interview with the correspondents of the Ulaanbaatar bureau of the Chinese XINHUA News Agency. This interview was timed to the forthcoming visit of G. Ochirbat to the People's Republic of China. Today's level of our relations vividly demonstrates that the two sides have aspirations to develop their relations on a higher level. It is obvious that the development of relations between the MPRP and the CPC has a good influence on strengthening and developing cooperation and traditional relations between our peoples. My forthcoming visit to the PRC will make its contribution to the development of cooperation between the MPR and the PRC, G. Ochirbat noted.

First Deputy Premier Meets With Japanese Newsmen

OW2601033391 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0848 GMT 25 Jan 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, January 24, (OANA-MONTSAME)—D. Ganbold, first deputy prime minister of the MPR [Mongolian People's Republic], received yesterday Mr. K. Yokobori, head of the "ASAHI SHIMBUN" office in Beijing, Mr. M. Doi, correspondent of this newspaper in Shanghai, and Mr. F. Saga, photo correspondent of the newspaper in Tokyo, who are on a visit in the country.

D. Ganbold answered in more detail their questions concerning, in part, the present government policy of market economy, the 2-fold increase of price to goods and services, the simultaneous increase of cash incomes of the population, the switch to a rationing system for some foodstuffs in the Mongolian capital etc.

Leaders Send Anniversary Greetings to India

OW2701113391 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1536 GMT 26 Jan 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, January 26 (OANA-MONTSAME)—P. Ochirbat, MPR [Mongolian People's Republic] president, and D. Byambasuren, MPR prime minister have sent a message of greeting to Indian

President R. Venkataraman and Prime Minister Ch. Shekhar, on the occasion of the 41st anniversary of proclamation of the Republic of India.

State Little Hural Approves New Labor Code

OW2701115591 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1535 GMT 26 Jan 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, January 26 (OANA-MONTSAME)—After the thorough discussion, the MPR [Mongolian People's Republic] State Little Hural has approved the new labour code of the MPR. Each article of the draft law was discussed thoroughly during few days. While discussing it the Little Hural members focused main attention on the articles concerning labour discipline, labour protection and the labour of women and minors. The new labour code goes into force from 1 July 1991.

MDP Leader Supports MPR Economic Resolution

OW2601033191 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0851 GMT 25 Jan 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, January 24, (OANA-MONTSAME)—The Mongolian Democratic Party (MDP) supports in principle the recently-adopted by the MPR [Mongolian People's Republic] Government resolution "on some measures of shifting the country's economy to market regulation". This was stated by Erdahyn Bat-uul, the leader of the Mongolian Democratic Party, stated in his interview with a MONTSAME correspondent. [sentence as received]

According to him, these measures stemmed out from the necessity. They are the confirmation of what position the government upholds today, he said.

Final results of these measures will, to a greater extent, depend on efficiency and timeliness of the measures to be taken by the government on their realization. The MDP leader called on all Mongolian citizens, political parties, unions and movements of the country to be ready psychologically to the shift to market economy thus being well aware of the fact that to achieve this aim the country and the people have to do much and overcome certain obstacles.

First Deputy Premier on Forming Market Economy

OW2801154691 Tokyo ASAHI SHIMBUN in Japanese 25 Jan 91 Morning Edition p 7—FOR OFFICIAL USE ONLY

[Report on "exclusive" interview with Mongolian First Deputy Prime Minister Dabaadorjiyn Ganbold by ASAHI SHUMBUN correspondent Doi in Ulaanbaater on 23 January]

[Text] Ulaanbaatar, 24 Jan—In mid-January, the Mongolian People's Republic [MPR], which seeks to abandon the one party dictatorship and introduce bold economic reform, made the first step in establishing a market economy, beginning with 1) doubling wages, commodity prices, and the amount of savings; and 2) establishing a distribution system for 10 major foodstuffs to overcome the shortage of goods. First Deputy Prime Minister Ganbold (43), the highest person responsible for administrative work regarding reforms and a leader of the National Progressive Party, granted an interview to a ASAHI SHIMBUN reporter on 23 January, and said: "Without adhering to the name of socialism, we will aim to establish a new system for improving the people's lives." Thus, he announced a plan to introduce a capitalist system. Moreover, he clearly stated that as the first step of the national property distribution to the people, the Mongolian Government will begin distributing stocks this spring and will establish a new stock exchange in the fall. It seems that the MPR's bold reform will exert significant influence on its neighboring socialist Asian nations.

Regarding the doubling of commodity prices, Deputy Prime Minister Ganbold explained: "We launched this because, under a planned economic system, prices are certainly kept lower than actual market prices." He also disclosed that guaranteed measures were taken on 16 January to double wages and deposits of those who have small deposits of less than 10,000 tugriks (one tugrik is some 25 yen) in lieu of bringing up commodity prices close to market prices. He considers these measures as the first concrete step toward the introduction of a market economy.

On the other hand, the distribution system, which was designed for 10 items in short supply, including wheat and rice, became effective on 21 January. In this connection, however, the same deputy prime minister merely indicated his view that it was an emergency measure to deal with a situation of growing dissatisfaction over the shortage of goods.

On the distribution of national property to the people, the same deputy prime minister stated: "Some 20 major state enterprises will be changed to corporations around April, and their stocks will be distributed to the people." He also disclosed a plan to establish a stock exchange in September. Reportedly, these measures will be implementated in three years. Moreover, the stocks will be offered to foreigners as well. Mr. Ganbold added: "I will not mind if the enterprises are owned by foreign nationals."

The same deputy prime minister stated: "Old power, which calls for the revival of traditional communism, remains in Mongolia. We will try to solve the shortages of goods and distribute national properties for the purpose of fighting against such forces as well. I expect the developed Western nations to provide us with the aid necessary to keep us from returning to the old system."

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MPR [Mongolian People's Republic] President P. Ochirbat left on Saturday Ulaanbaatar for Washington with his wife to pay an official visit to the United States of America at the invitation of U.S. President George Bush. The president is accompanied by Ch. Purevdorj, vice prime minister, Ts. Gombosuren, external relations minister, S. Batbaatar, trade and industry minister, and the other officials. G. Nyamdoo, ambassador extraordinary and plenipotentiary of the MPR to the USA, is also the member of the Mongolian delegation. J. Elake, ambassador extraordinary and plenipotentiary of the USA to the MPR, left Ulaanbaatar together with the president. According to press news, P. Ochirbat and his delegation left for Los Angeles on Sunday after a short stay in Beijing and Tokyo respectively. The paper informs that the second session of the MPR State Little Hural continued discussing the draft law on emigration. The session approved a law on joining of the MPR to the International Monetary Fund (IMF), International Reconstruction and Development Bank, International Finance Corporation and International Development Association. The session adopted a resolution on the central press of the state, which is the newspaper "ARDYN ERH". It started to discuss again the labour code. According to the paper, the session took into consideration the statement by new political parties, who are proposing to reconsider at the current session the draft law on making amendments and additions to the law on political parties. The statement was not signed by the [words indistinct], as it did not take part in its elaboration.

The paper writes that the MPR Government at its last meeting instructed the State Committee for Monitoring Nature and Environment to work out a method of estimating natural resources' deposits and fix jointly with the MPR Finance Ministry the rate of payments for using the natural resources. The government said yes to the proposal of the State Committee for Monitoring Nature and Environment and the Executive Board of the Ulaanbaatar Hural of People's Deputies on cooperation with the British firm "British Coal" in reducing smoke pollution in atmosphere of the capital. The government meeting adopted the rules of the Health Ministry, Agriculture Ministry and Mongolian radio and television.

The paper carries the outcomes of the sociological opinion poll, carried out at some industrial enterprises and organizations of the capital. It concerned the recently adopted resolution of the government on some measures of shifting the country's economy to market regulation.

The opinion poll outcomes show that the majority of about 700 pollees think that the measures taken by the government are correct. The paper carries some reports of correspondent that the shops in the capital started selling some foodstuffs on a rationing coupon. Many customers welcome this system as a guarantee of getting the foodstuffs which are deficit now.

The ruling party paper "UNEN" reports that the Presidium of the MPRP [Mongolian People's Revolutionary Party] Central Committee [CC] held an exchange of views with leaders of aimag (provincial) and town party organizations, public organizations and cooperatives as well as with the representatives of the working people on the issue concerning the realization of the government resolution on some measures of shifting the country's economy to market regulation. The MPRP CC Presidium discussed the question on how to prevent possible negative social consequences which might occur in the process of its realization and submitted to the government concrete proposals for consideration.

The paper continues to publish all-party discussion of urgent problems of renewing the MPRP. It writes that a group of young people in the town of Zuunmod, the centre of Tov Province set up a union in support of the MPRP. According to the paper, such a union was founded also in Telmen District of Zavhan Province.

The paper published an article entitled "Herdsmen and the MPRP" by D. Tumenjargal, candidate of historical science. The author devotes his article to the 70th anniversary of the Mongolian People's Revolutionary Party. He notes that the MPRP from the first day of its foundation has been supporting and expressing vital interests of livestock breeders, who are the majority of the population of Mongolia. The author notes that the fulfilment of the task of renewing the rural area depends much today on the creative initiative and work of livestock breeders.

The paper publishes the Law on the MPR Government, ratified by the president of the country.

The newspaper "UNDESNII DEVSHIL" (NATIONAL PROGRESS), published by the Union of New Progress and the Party of National Progress carries an interview of its correspondent with D. Sodnom, president of the MPR Academy of Science. D. Sodnom believes that ideolization [as received] of science has negatively affected its development and the scholars should, above all, cherish scientific truth. He emphasized great importance national traditions with modern scientific and technological progress.

In his article entitled Market Socialism, Z. Erdenebat writes that it has been proved in practice that the notion about socialism is incompatible with notion about market. He notes that first steps are being made in Mongolia towards market relations and this means that these steps are towards the society of free producers.

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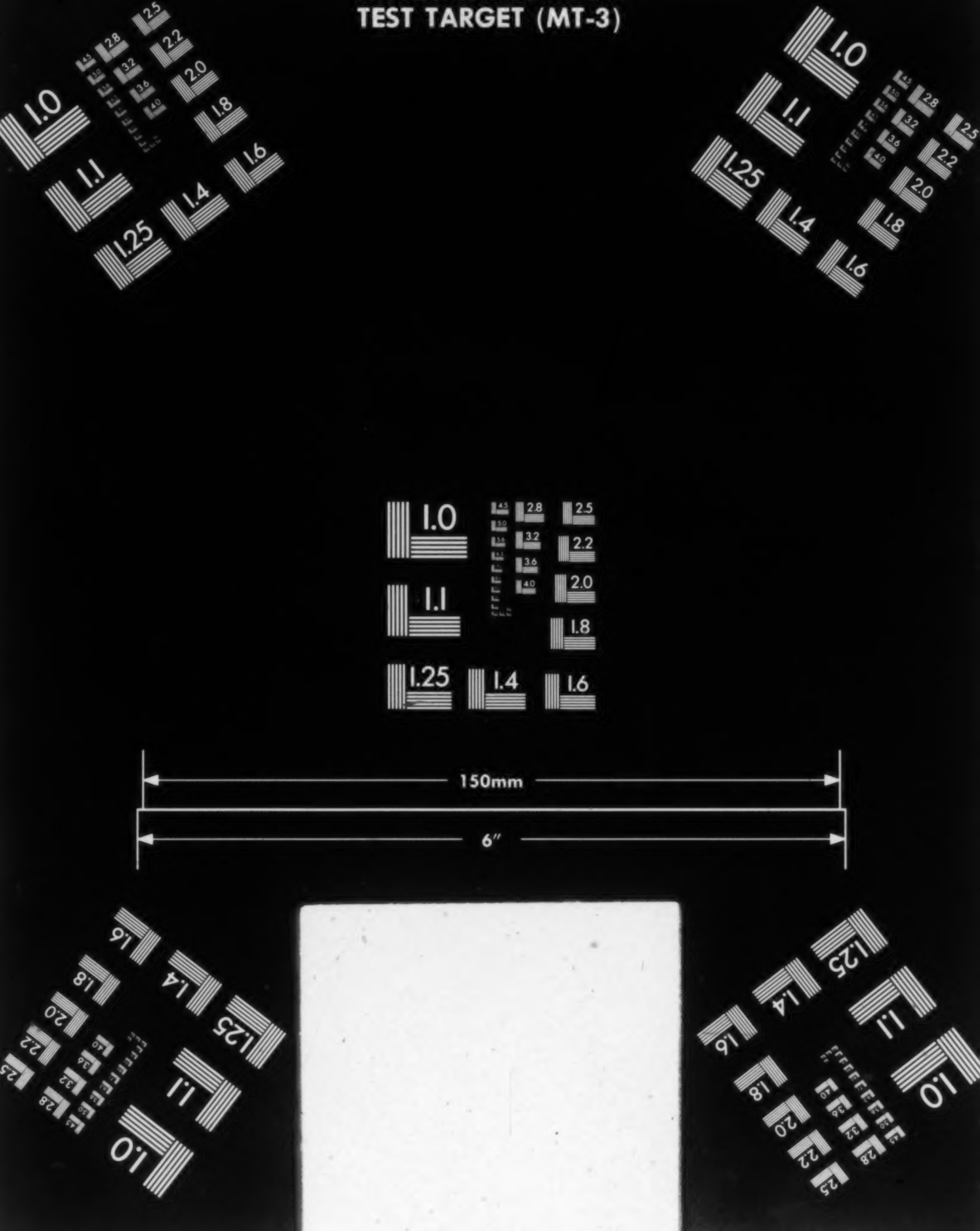
IMAGE EVALUATION
TEST TARGET (MT-3)



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